THE INCOMES OF FARMERS AND THEIR FAMILIES IN ONTARIO

AGRICULTURAL COUNCIL OF ONTARIO

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Ontario

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June 18th 1986

Honourable Jack Riddell
Minister of Agriculture and Food
801 Bay Street
TORONTO, Ontario

Dear Sir:-

I have the honour, on behalf of the Agricultural Council of Ontario, of submitting our findings and recommendations with respect to our study of family farm income in Ontario.

Respectfully yours

D.A.O'Brien

Delbert A. O'Brien
Chairman
Agricultural Council of Ontario

GOOD THINGS GROW IN ONTARIO

FOODLAND ONTARIO

FOREWORD

The incomes of farmers and their families has been a controversial topic for many years. Various studies purporting to measure farm incomes have reported conflicting conclusions. As a result of these conflicting reports the public at large and policy makers in particular have been uncertain as to the appropriate response to the farm income situation. The Agricultural Council was charged with the task of ascertaining what the true farm income picture is and how it has changed over the years. The objective of the study then was to describe the incomes of farmers and their families in Ontario and place their present income situation in an historical and socio-economic perspective.

In the course of our investigation the Council learned that the incomes of farmers varied greatly according to how one defines a farmer and also how one defines farm income. These differences in definition account for most of the anomalies in current studies of farm income in Ontario and Canada.

To give the reader some idea of the measure of conflicting information and how it can distort income statistics;

(1) The number of farms in Ontario as measured by the Census of Agriculture has steadily declined each year.

(2) The number of farmers as measured by income tax returns has steadily increased over the years.

(3) Of the approximately 80,000 Census farms in Ontario, fully one-half produce very little (less than 3 percent) by way of agricultural commodities and their operators essentially derive all their income from non-farm employment.

(4) Most of these marginal farm operators are treated as farmers for purposes of income taxation.

(5) Approximately one-third of the farm operators depend on farming for all or the major portion of their incomes.

It is clear that any across the board averaging of incomes will be a meaningless and misleading statistic.

The Council in its efforts to come to grips with the fundamental definitions of this study has chosen to define groups of farmers within classifications that reflect the level of commitment to agriculture and consequently the extent of dependence on farming for a living.

The report is divided into three parts.

Part I provides a brief overview of the Agri-food system, describes in detail the structure of agriculture and provides the framework for looking at farm income.

Part II deals with changes in agriculture income, i.e. for the industry as a whole, incomes of farm operators and incomes of farm families. These incomes are compared with non-farm individual and family incomes.

Part III deals with the rate of return to resources employed in agriculture and compares them with returns in other sectors of the economy.

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EXECUTIVE SUMMARY

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OVERVIEW OF FOOD SYSTEM IN ONTARIO

1. Ontario is Canada's leading agricultural province with gross production of over $5 billion. Livestock products account for approximately two-thirds of final output. Over the years there has been a gradual decline in the livestock share of output and a concomitant increase in the share of output claimed by crops. The characteristic of Ontario agriculture is the diversity of products made possible by a temperate climate and proximity to large urban markets.

2. Ontario is also the leading food manufacturing province in Canada. Approximately ten percent of the manufacturing labour force is employed in the processing of agricultural commodities. Over eighty percent of Ontario farm production is purchased by the food, beverage and tobacco manufacturing industries located in the province. Thus not only is the food manufacturing industry an important contributor to the economy of Ontario, its health is vital to agriculture in the province.

3. Large chains and buying groups dominate the food retailing scene in Ontario as well as nationally. Restaurants and franchised outlets are now the fastest growing segment of the food retailing industry.

4. The combination of an aging population, rising disposable incomes and diversification of consumer tastes has contributed to changes in demand that impact on the food system at all levels.

MARKET ENVIRONMENT

5. The Ontario agri-food industry is essentially geared to serve the domestic market and the growth of production has tended to keep pace with the rising population of the province. However, proportionately more of our production is exported while imports account for an increasing proportion of domestic consumption. Thus the agri-food system in Ontario has become more exposed to international market and non-market developments.

6. Although Ontario agriculture is primarily a domestic oriented industry it nonetheless operates in an international cost-price environment. For most Ontario farm products this means a North-American cost-price environment because of the many fold size of U.S. production compared to Ontario's and the proximity of U.S. production centres to Ontario markets.

7. There are virtually no tariff barriers applying to farm inputs entering Canada from outside. However, Canadian requirements with respect to labelling and product testing and certification constitute non-tariff barriers. Some inputs are subject to tariff levies because they are not considered primarily for agricultural use.

8. At the farm level products grown under supply management are shielded from international competition by means of global quotas. Fresh fruits and vegetables enjoy some seasonal protection. The grape and wine industry benefits from the Ontario Wine Content Act and preferential pricing policies of the Ontario Government. Approximately half of the wheat grown in Ontario is domestically consumed and benefits from the two-price wheat system in Canada. Most other farm commodities face very nominal or no tariff barriers so that they are fully exposed to price changes abroad, especially the United States.

9. The food manufacturing industries in Canada, with the exception of slaughtering and meat processing, enjoy significant protection. Removal of these barriers will result in substantial contraction at the manufacturing level which will ultimately extend to the farm.

10. At the food retail level market access is controlled by a handful of buyers. In addition through devices such as 'private labels' and 'no-name brands' the retail chains have acquired vertical control of some segments of the food processing sector without the necessity of actual ownership. High 'listing allowances' add to the cost of entry of new products while the threat of 'de-listing' increases the risk and inhibits product innovation and long-range planning by food manufacturers. The uncertainty in the market-place resulting from retail concentration inhibits the agri-food system from realizing its full potential.

11. The agri-food system does not exist in isolation. The impact of government economic policies in Canada and abroad, on Ontario agriculture, has become more intense.

STRUCTURE OF AGRICULTURE

12. Farming in Ontario is highly structured. Farms may be classified into three well defined categories — Commercial, Quasi-Commercial and Non-Commercial.

13. Commercial farms are operations where the principal object is to make a profit from farming itself, namely the production and sale of agricultural products. By necessity they are carried out on a scale that would provide at least a significant portion of the living requirements of the farm family.

14. Non-Commercial farms are operations that are incapable of making a profit under normal circumstances and are operated primarily for personal reasons and possibly tax advantages.

15. Quasi-Commercial farms are operations where the scale of production is sufficiently large so that management decisions are influenced by cost and price considerations. However, the ability of such operations to generate any meaningful profits from farming itself is questionable. Many quasi-commercial farms are operated by older farmers who may be 'slowing down'. A small number are operated by beginning farmers. A great many are operated as permanent part-time operations.

16. Using annual gross sales as operational guidelines, the Council defines the three economic classes of farms as follows:

Commercial:	$50,000 or more
Quasi-Commercial:	$10,000 to $49,999
Non-Commercial:	Under $10,000

It must be stressed that the above numbers are operational guidelines employed in this study for purposes of statistical analysis. In judging whether a particular farm operation falls into the category of commercial, quasi-commercial or non-commercial, the nature of the enterprise and its ability to add value must be taken into account. Thus a strawberry farm with sales of $30,000 should be considered commercial, while a beef feed-lot with sales of $80,000 should be considered quasi-commercial.

17. The salient distinction between the three economic classes of farmers is that each operates in a different micro-economic environment. The commercial farmers (and to some degree the quasi-commercial farmers) will respond to factors affecting agricultural prices and returns. Their standard of living is intimately tied to the fortunes of the agricultural industry. The non-commercial farmer derives almost all his income from non-agricultural sources and is, therefore, economically insensitive to factors affecting agriculture.

18. Between 1971 and 1981 the total number of census farms in Ontario declined by 13 percent. However, within the broad economic classes, the changes were as follows:

Annual Sales in 1980 Dollars*	1971	1981	% Change
Under $10,000	38,345	32,480	-15.3
$10,000 - $49,999	37,025	24,960	-32.6
$50,000 and over	19,550	25,005	+13.1
Total	94,920	82,450	-13.1

* Adjusted for inflation using index of farm prices.

Within the category of commercial farms those with sales between $50,000 and $99,999 declined by 7.3 percent, while those with sales of $100,000 and over went up by 103.3 percent. These statistics indicate a strong shift to commercial scale farming in Ontario.

19. This shift to commercial scale farming took place during a period of high commodity prices concurrent with predictions of global population explosion and food shortages creating a prophecy that 'the future belongs to the farmer'. At the same time high inflation in Canada led to rapid increases in farmland values and these increases were in part fed by expectations of further increases. Many of these new commercial scale farmers were ill prepared for the volatility in farming either in terms of business skills or equity investment.

20. These inflationary forces also attracted a large number of non-commercial farmers whose primary motive appears to be land investment and tax advantages.

21. The group of farmers that we have termed quasi-commercial declined in numbers most drastically during this time. Farming on this scale was no longer considered a practical long-term alternative either by credit institutions, agricultural experts or for that matter by new entrants themselves.

22. Presently (1981 Census of Agriculture) commercial farms make up 30 percent of all census farms in Ontario, but account for 84 percent of the sales of Ontario agriculture. These farms command the majority of agricultural assets but also carry almost all of the agricultural debt.

23. Not all farm operators consider themselves primarily as farmers. A reliable indicator of the focus of the operator is his/her stated occupation volunteered for the Census of Population. Using stated occupation as the indicator of focus, the number of 'farmers' declined by 14.2 percent between 1971 and 1981. During the same period the number of 'non-farmers' declined by only 4.5 percent.

24. As one might expect, 'non-farmers' are heavily represented in the non-commercial and quasi-commercial categories of farming and 'farmers' are heavily represented in the commercial category of farming.

Stated Occupation: Farming

	Number of Farm Operators		
Annual Sales in 1980 Dollars*	1971	1981	Change
Under $10,000	11,970	9,345	- 2,625
$10,000 to $49,999	26,275	15,620	-10,655
$50,000 and over	16,845	22,290	+ 5,445

Stated Occupation: Non-Farming

	Number of Farm Operators		
Annual Sales in 1980 Dollars*	1971	-1981	Change
Under $10,000	20,805	19,290	- 1,515
$10,000 to $49,999	7,755	7,735	- 20
$50,000 and over	1,665	1,825	+ 160

* Adjusted for inflation using index of farm prices.

The greatest changes in number have occured within the group identifying themselves as farmers while among 'non-farmers' the change has been negligible. These shifts show that while 'farmers' have had to respond to intensification of economic forces by either expanding or dropping out, 'non farmers' have been virtually unaffected.

INCOMES OF FARMERS

25. Farmers derive their income from several sources — farming, non-farm employment, investments and general transfer payments including pensions.

26. From 1970 to 1980 the total income of all census farm operators went up from an average of $13,002 to $17,332 in constant (1980) dollars. Income from farming went up from an estimated $3,631* to $4,753*. Thus farming income contributes between 25% and 30% to the total income of census farm operators. Approximately 57 percent of census farm operators reported positive income from farming in each of the census years.

27. The average non-farm employment income of all census farm operators went up from $7,572* to $9,191*. Thus non-farm employment contributes between 50% and 60% to the total income of census farm operators. Approximately 50% of farm operators reported income from non-farm employment.

28. Income from other sources (mainly investment income and general transfer payments including pensions) make up the balance. Income from these sources went up from an average of $1,798* in 1970 to $3,388* in 1980. Approximately 80% of census farm operators reported income from 'other sources'.

29. The average total income of census farm operators by economic class in 1970 and 1980 were as shown in the following table.

	Average Total Income*		
Annual Sales in 1980 Dollars	1970	1980	% Change
Under $10,000	12,269	17,264	40.7
$10,000 - $49,999	11,477	16,103	40.3
$50,000 - $99,999	16,092	18,044	12.1
$100,000 and over	19,976	19,171	-4.0

* In Constant 1980 Dollars

30. Within each economic class, those who reported farming as their occupation received lower total incomes than those who described themselves as 'non-farmers' during the census. Furthermore, the average income of 'non-farmers' went up by a larger percentage than that of 'farmers'.

Stated Occupation: Farming

	Average Total Income*		
Annual Sales in 1980 Dollars	1970	1980	% Change
Under $10,000	7,522	9,745	29.6
$10,000 - $49,999	10,184	12,896	26.6
$50,000 - $99,999	15,892	17,288	8.8
$100,000 and over	19,352	18,409	- 4.9

Stated Occupation: Non-Farming

	Average Total Income*		
Annual Sales in 1980 Dollars	1970	1980	% Change
Under $10,000	16,092	22,359	38.9
$10,000 - $49,999	16,515	23,361	41.5
$50,000 - $99,999	21,125	26,062	23.4
$100,000 and over	27,209	30,039	10.4

* Income figures have been adjusted for inflation and are given in 1980 dollars.

NOTE: Does not include those who did not state occupation.

31. Farm operators with a farm focus report significantly greater dependence on farming for their total incomes than do operators with a non-farm focus.

Operators Reporting Positive Total Income in 1980

% of Total Income from Farming	'Farmers'	'Non-Farmers'
	- percent -	
Negative or Zero	21.8	64.3
Under 25%	8.8	24.7
25% - 49%	8.7	7.0
50% - 74%	11.5	2.1
75% - 100%	49.1	1.9

32. Thus, 80% of those operators with a farm focus belong in the commercial and quasi-commercial scales of farming while only 33% of the operators with a non-farm focus farm on a commercial or quasi-commercial scale. Approximately 60% of operators with a farm focus derive over half their total income from farming, while only 4% of the operators with a non-farm focus derive over half of their total income from farming.

33. The contribution of each source of income, namely farming income, non-farm employment and other (mainly investment and pension) income is highly dependent on the economic scale of the farming operation.

DISTRIBUTION OF FARM OPERATOR INCOME BY SOURCE

Annual Sales in 1980 Dollars

	Under $10,000		$10,000 to $49,999		$50,000 to $99,999		$100,000 and over	
	- percent of total income -							
	1970	1980	1970	1980	1970	1980	1970	1980
Farm Profits	12.0	9.0	43.6	37.4	60.3	68.2	59.1	73.5
Farm Losses	-8.6	-6.5	-7.8	-9.8	-6.0	-10.1	-11.1	-16.9
Total Farm	3.5	2.5	35.8	27.6	54.2	58.1	48.0	56.6
Non-Farm Employment	80.2	76.3	50.4	50.6	35.8	25.7	40.1	28.4
Other	16.3	21.2	13.8	21.8	9.9	16.2	11.2	15.1

34. Between 1970 and 1980 commercial farmers increased their dependency on farming while quasi-commercial and non-commercial farmers turned to non-farm employment for an even greater portion of their income. The contribution of investment income and transfer payments increased significantly for all the economic classes.

35. Farm losses also increased substantially between 1970 and 1980, particularly among operators in the commercial categories of farming. Furthermore, the ability to cover farm losses with off-farm income decreased for these operators.

36. Regardless of the scale of the farm operation, most farmers receive income from more than one source. These sources have been analyzed into four broad categories: income from farming, income from non-farm employment, income from investments and income from other sources consisting mainly of general transfer payments and pensions. To examine the contribution of each source and its effect on the total return to agriculture we turn to farm tax-filer statistics. Whereas, there is only one principal operator per census farm, there could be two or more farm tax-filers per census farm. Farm tax-filer statistics do not include corporate farms. The Table below gives an approximate measure of the double counting in tax-filer statistics.

	Sales/Gross Farm Income		
	Under $10,000	$10,000 to $49,999	$50,000 and over
Census Farms (1981)	32,480	24,960	25,005
Total Sales ($ million)	118	623	3,916
Percent Unincorporated	98.8	98.1	91.7
Farm Tax-filers (1982)	43,935	33,320	39,420
Total Gross Farm Income ($ million)	160	817	6,036
Tax-filers/Census Farms (Unincorp.)	1.37	1.36	1.72
Gross Farm Income/Sales (Unincorp.)	1.37	1.34	1.68

37. In 1983, there were an estimated 114,575 farm tax-filers in Ontario. The number of farm tax-filers reporting income from various sources was as follows:

Non-Farm Employment:	Wages and Salaries	51,090	44.6%
	Business Income	11,114	9.7%
Investment:	Rental Income	12,947	11.3%
	Other Investments	87,192	76.1%
Other Off-Farm:	Pensions, Allowances, etc.	71,037	62.0%

38. The total income of all the farm tax-filers in 1983 was $2,187,923,000 and average per tax-filer was $19,096. Income from farming contributed only 12.5% to the total income of farm tax-filers, well behind wage income and investment income.

Income Source	Total Income ($000)	Percent
Net Farm	273,721	12.5
Other Off-Farm	242,555	11.1
Investment	423,125	19.3
Rental	7,103	0.3
Business	139,208	6.4
Wages & Salaries	1,095,337	50.1

39. In analysing the tax-filer statistics we find that investment (including rental) income and other off-farm income are highly correlated with the age of the tax-filer. The proportion of tax-filers reporting investment income increases with age and is fairly constant across all economic classes. Other off-farm income displays the pattern of family allowance and pension receipts. It is not a major factor in the incomes of farm tax- filers except those 66 years and older.

40. On the other hand income from farming and income from non-farm employment are very sensitive to economic class. Whereas income from farming rises with each higher level of gross farm income, income from non-farm employment decreases with each higher level of gross farm income. This decrease in average non-farm employment earnings is directly related to the level of participation in off-farm work.

41. Within each economic class, tax-filers reporting non-farm employment income showed much lower farm incomes than the average for the class. There are a number of reasons why this may be so — (i) they may be employing more paid labour to replace self-labour, (ii) they may be employing various farm tax allowances in order to minimize taxable income. More than three-quarters of the tax-filers reporting non-farm employment income also report income from investments. This would suggest that only a minority of farm tax-filers take up off-farm jobs in order to build equity in their farm businesses. For this minority there is no doubt that off-farm employment may be a necessity to establish their farm businesses. However, our analysis shows that non-farm employment, far from being a transitory phenomenon, is a permanent feature of farming by choice. This is further substantiated by the extent of participation in off-farm work across all age groups.

FARM FAMILY INCOMES

42. Regardless of the scale of farming the income of the operator accounted for two-thirds of the total family income. Spouses accounted for approximately one-fifth of the family income and other family members for the remainder. Almost all the income reported by spouses and other family members is derived from non-farm sources, except on commercial scale farms where spousal farm earning is significant.

43. As with operator incomes, total family income shows little sensitivity to the scale of the farm operation. On average, low incomes from farming are compensated by higher earnings from non-farm employment and vice-versa. Even on commercial scale farms, non-farm employment makes a significant (over one-third) contribution to total family income.

44. Farms when classified by principal commodity of the enterprise are not distributed on the economic scale in the same proportions. For example, 62% of the dairy operations are within the commercial category; 81% of the cattle farms are within the non-commercial and quasi-commercial categories. The distribution of farm families by major commodity and economic scale is shown below:

DISTRIBUTION OF FARM CENSUS FAMILIES BY ANNUAL SALES AND TYPE OF ENTERPRISE

Enterprise*	Total Farm Families	Annual Sales (1980) $2,500 to $19,999	$20,000 to $49,999	$50,000 and over
		- p e r c e n t -		
Dairy	12,090	14	24	62
Cattle	17,575	62	19	19
Hogs	4,635	30	24	47
Mixed Livestock	2,195	39	23	38
Poultry	1,495	36	12	51
Small grains	12,295	44	28	28
Field Crops	2,755	24	8	68
Miscellaneous Specialty	3,040	64	16	21

* An enterprise is defined by commodity when 51% or more of the sales are made up of the commodity.

45. As a result of this disproportionate distribution it is reasonable to expect that on average all cattle producers and grain producers will show a very large non-farm employment component to total income when compared with dairy producers. However, when we examine the incomes of farm families by enterprise within one economic class, the differences in non-farm employment earnings are much narrower.

46. For the average commercial farm family, income from farming is the major source of total income. However, the contribution of farming income to total income varies greatly between commodities. This depends on two factors: the amount of value added in the production of the commodity and the price of the commodity in relation to its historical price level. Differences in off-farm income of commercial farm families on a commodity basis are small when compared with differences in returns from farming. Thus for commercial farm families, variations in commodity returns have a very large impact on total family incomes. This is shown for 1980 in table below.

	Low	High	Range
Net Farm Income	$ 5,143	$23,097	$17,954
Non-farm Employment Income	7,885	12,273	4,388
Other Income	2,615	8,125	5,510
Total Income	$16,014	$42,196	$26,182

47. For the non-commercial farm families, with annual sales between $2,500 and $20,000, the commodity average contribution of each source of income to total income in 1980, is as follows:

	Low	High	Range
Net Farm Income	$ 243	$ 4,483	$ 4,240
Non-Farm Employment Income	10,297	23,969	13,672
Other Income	2,950	7,583	4,633
Total Income	$18,612	$33,994	$15,382

Thus for non-commercial farm families, variations in commodity returns have only a small impact on total family incomes.

48. The popularly used division of Ontario into agricultural regions, namely Southern, Western, Central, Eastern and Northern, has little statistical bearing on the incomes of farmers. The impact of non-farm employment is so great that proximity to urban centres plays a larger role than the agricultural capability of the region itself. Within each region are to be found non-commercial as well as full scale commercial farm operations. However, the proportion of full scale commercial farms tends to be smaller in regions with low agricultural capability. Differences in income patterns and levels can be attributed mainly to differences in the composition of farms according to economic scale in each region.

49. Among the non-commercial and quasi-commercial farm families fewer than half of the operators or family members worked off the farm. This would suggest that there is substantial under-employment among non-commercial and and quasi-commercial farm families.

50. The distribution of farm families by income and major source of income is shown in table below.

DISTRIBUTION OF FARM CENSUS FAMILIES BY MAJOR SOURCE OF INCOME AND TOTAL INCOME

Major Source of Income		TOTAL INCOME Negative or Zero	Under $5,000	$5,000 to $9,999	$10,000 to $24,999	$25,000 and over
Net Farm Self-Employment	1970	8.2	12.3	26.0	37.3	16.1
	1980	10.7	4.5	14.0	36.3	34.5
Non-Farm Employment	1970	0.5	4.9	13.1	53.2	28.4
	1980	0.4	2.0	5.7	40.0	52.0
Other	1970	0.1	26.2	36.9	25.6	11.2
	1980	0.3	7.0	21.5	45.6	25.9

51. Families whose major source of income is farming are much more likely to have low total incomes than families whose major source of income is non-farm employment. These latter families are much more heavily concentrated in the non-commercial and quasi-commercial categories of farming.

52. Among families whose major source of income was farming in 1980, 29.2% earned less than $10,000 and of those, over a third (approximately 2500 families reported zero or negative total income. On the other end of the scale the number of families earning over $25,000 increased from 4,785 to 8,545. Among families whose major source of income is farming we find large disparities in income.

53. The overwhelming majority of low income farm families are concentrated in two distinct economically definable categories — (i) Non-commercial and quasi-commercial farm families who have little or no off-farm income and (ii) commercial scale farm families who for any number of reasons are unable to extract sufficient income from farming.

INCOMES OF FARM FAMILIES VERSUS ALL OTHER FAMILIES:

54. In 1980, rural farm census families reported an average income of $25,721 compared with $25,175 for rural non-farm census families and $28,621 for urban families. The incomes of farm families are more unequally distributed than are the incomes of non-farm families. As a result there are proportionately more low income families among the rural farm population than among the rural non-farm or urban population.

55. The average income of census farm families rose from $18,370 in 1970 to $26,629 in 1980 (constant 1980 dollars) for an increase of 45%. During the same period the income of the average census family in Ontario rose from $23,108 to $28,002 for an increase of 21%.

56. Rural farm families on average tend to be larger than non-farm families either urban or rural non-farm.

	Number of Persons per Census Family
Rural	3.72
Rural Non-Farm	3.32
Urban	3.19

Thus, on a per capita basis the income difference between rural farm and non-farm (rural or urban) is greater than average family incomes.

57. Of the population 15 years and older, a higher proportion of the rural farm people worked, compared with rural non-farm or urban. Among those who worked (either self-employed or otherwise) urban and rural individuals earned substantially more than rural farm individuals.

	Average Income of Those Reporting Employment (1980)	
	Males	Females
Urban	$17,415	$ 8,842
Rural Non-Farm	15,695	7,480
Rural Farm	11,804	5,654

58. Among the rural farm population, a significant number, particularly females, worked without income. This contribution would be captured by other family members, primarily the head of the family. This income transfer results in underestimating the contribution of females and overestimating the contribution of males.

59. Wages and salaries contribute over half of the income of rural farm people.

Total Income by Source, 1980

	Males	Females
	million	
Wages and Salaries	$748	$266
Self-employment	473	67
Other Sources	280	130
Total	1,501	463

60. Popular statistics on farm families include a large number of families who do not look to farming for more than a small portion of their income. These families, in fact, enjoy a level of income that is higher than urban families. For those who look to farming as the major source of income, the situation is not as rosy. Their incomes are substantially lower than those of urban families.

RATE OF RETURN IN AGRICULTURE

61. The Council engaged the services of Prof. George L. Brinkman of the University of Guelph to carry out an investigation into the incomes and changes in asset values of a representative sample of commercial farm operations in Ontario. The sample consisted of 93 farm operations drawn from different commodity enterprises and the various agricultural regions of the province. Most of the sample farms were taken from Canfarm records. Where Canfarm records were insufficient in number, the sample was augmented with records drawn from OFMAP (Ontario Farm Management Accounting Project) and ODFAP (Ontario Dairy Farm Accounting Project) data.

62. The object of this investigation was to measure the relative returns to comparable resources in commercial agriculture in Ontario for the farm versus the non-farm sector, for different sizes, types of farms, different regions in Ontario over the period 1980 - 1983.

63. The investigation consisted of measuring the following four items:

(a) The operating income the farms generated over the four year period.

(b) The hours that the operator(s) worked on the farm and how much could have been earned if the operator(s) worked outside for wages.

(c) The change in the value of assets employed in each farm business over the four year period.

(d) What those same assets would have earned had they been invested in the non-farm sector of the economy. Three standards of comparison were employed by the consultants: (i) investment in interest bearing bonds, (ii) investment in commonly traded stock, and (iii) investment cum self-employment in a small non-farm business.

64. The Agricultural Council notes that the sample employed in the consultants' study may be too small to give a statistically reliable estimate of the average of all commercial farms in Ontario. The Council recognizes the difficulty the researchers were faced with in obtaining a reliable data base in respect to farm incomes and hopes that similar future studies will not be so handicapped. In the interest of reporting research conducted on behalf of the Council, a summary of the 'Rate of Return' findings is presented below.

65. The 93 sample farms in the study had average gross sales in excess of $100,000 per annum, average total assets of approximately $563,500 of which $380,800 were fixed in real estate and quota, all in constant (1979) dollars. They had an average equity of 79%.

66. Over the period 1980 to 1983, the average operating income for the sample farms was calculated as $12,352 per annum in constant dollars.

67. Had the operator(s) of these sample farms worked for wages outside the farm they could have earned $25,187 per annum in constant dollars.

68. During the period 1980 to 1983, the value of the farm real estate went down by $100,533 per sample farm, but the per-farm quota value went up by $26,390 for combined asset value loss of $74,143 in constant dollars.

69. The equity of the average sample farmer in real estate and quota was invested in interest bearing bonds, over the period 1980 to 1983 and earned $127,853 in interest, but lost $112,320 due to inflation for a net gain of $15,533 in constant dollars.

70. The fixed assets of the average sample farmer in real estate and quota was invested in commonly traded Canadian stocks (TSE 300). The value of the stocks appreciated by $9,577 and further, yielded $3,467 in dividends after interest costs over the four year period.

71. Council's reservations pertain to the statistical validity of the findings described above. We are nonetheless of the opinion that (a) returns to both labour and investment are low in agriculture when compared with the non-farm sectors of the economy, (b) agricultural assets have declined in value relative to non-agricultural assets in the period 1980 to 1983, and (c) the Canadian economic environment, particularly high interest rates, during the early 1980s was especially hard on agriculture.

PART I

FARMERS AND THEIR ECONOMIC ENVIRONMENT

CHAPTER I

OVERVIEW OF THE FOOD SYSTEM

AGRICULTURE

Ontario is Canada's premiere agricultural province. The gross production value of Ontario's farms is approximately $5 billion, over one quarter of the output of Canadian agriculture. Average annual employment in the industry is 127,000*. This employment consists of 73,000* farmers and family members working on their own account and 54,000* paid workers.

The agricultural land base is approximately 15 million acres, a substantial portion of which is highly productive land of classes I and II. This land base, when combined with the temperate climate of the major agricultural areas of the province, allows the sustained cultivation of a wide range of crops. The characteristic of Ontario's agriculture is its diversity.

Livestock products, mainly beef, dairy products, hogs, poultry and sheep account for roughly two-thirds of Ontario's agricultural production. In these commodities, Ontario's share of national production is roughly equal to the proportion of the Canadian population resident in Ontario.

Less than one-eighth of the cash receipts of Ontario farmers comes from grains and oil seeds. Corn and soyabeans, followed by winter wheat and barley are the principal grain and oil seed crops. A substantial portion of the corn production (estimated at 40% by the Ontario Ministry of Agriculture and Food) is utilized on-farm for livestock feed as are portions of barley, oats and mixed grains. Ontario also grows large amounts of fodder crops for on-farm feeding to livestock. In recent years, Ontario has been a net exporter of feed grains (to Quebec, the Atlantic provinces and overseas) mainly

* Source: Statistics Canada, Special Tabulation for 1985.

as a result of large increases in acreage and yield of grain corn. Soyabean acreage and production have also more than doubled in the past ten years and the province is expected to become self sufficient in this commodity within a few years.

Nearly one-fifth of the cash receipts of Ontario farmers comes from diverse crops such as fruits, vegetables, tobacco, beans, greenhouse products, floriculture and various specialty crops. In this, the position of Ontario in Canadian agriculture is unique. The climate of the southern portion of the province is sufficiently temperate to allow the cultivation of a large variety of crops. No doubt this diversification has benefited substantially from the fact that more than half the population of Canada lies within a day's trucking distance of Ontario farmland.

The agri-food industry in Ontario is essentially geared to serving the domestic market - Ontario and Canada. In 1984 agricultural and food imports into the province came to $3,003 million*, while exports of Ontario grown or manufactured agricultural and food products came to $1,866 million* for a deficit of $1,137 million*.

Over the years, both exports and imports have increased proportionately more than domestic production and consumption respectively. Thus the agri-food system in Ontario has become more exposed to international market and non-market forces.

It is worth contrasting the agri-food system in Ontario with the system in the Prairie Provinces. Grains and oilseeds account for roughly two-thirds of Prairie agricultural production, and red meats (mainly beef) make up most of the remaining third. Prairie agriculture is heavily dependent on export markets for grains and oil seeds and opportunities for diversification are constrained by climatic factors. Prairie grains and oilseeds and products account for over 60% of Canada's agri-food exports. Table I-1 describes the distribution of Canadian farm cash receipts by region and commodity. The pre-eminence of Prairie wheat is striking. Also striking is the diversity of agriculture in Ontario.

* Source: Ontario Ministry of Agriculture and Food, Agricultural Statistics for Ontario, 1985.

TABLE I-1

Distribution of Total Canadian Farm Cash Receipts by Region and Commodity, 1984

	Atlantic	Quebec	Ontario	Prairies	B. C.	Total
			(%)			
Wheat	0.00	0.06	0.56	19.95	0.10	20.67
Oats, Barley, Rye	0.02	0.17	0.09	3.63	0.06	3.98
Flaxseed, Canola	0	0	0	5.34	0.09	5.43
Soybeans	-	-	1.01	-	-	1.01
Corn	-	0.70	1.98	0.11	-	2.79
Potatoes	0.64	0.20	0.27	0.30	0.11	1.52
Fruits	0.15	0.18	0.54	-	0.48	1.34
Vegetables	0.11	0.48	1.46	0.17	0.33	2.54
Tobacco	0.08	0.13	1.59	-	-	1.81
Floriculture & Nursery	0.10	0.20	1.00	0.19	0.25	1.73
Total Crops	1.25	2.31	9.35	33.68	1.64	48.18
Cattle & Calves	0.34	1.37	5.52	9.44	0.70	17.39
Hogs	0.41	2.94	3.09	2.65	0.23	9.35
Dairy	0.67	4.94	4.51	2.02	1.12	13.38
Poultry & Eggs	0.54	1.69	2.57	1.41	0.75	6.95
Total Livestock Products	2.22	11.13	16.04	15.89	2.94	48.16
Other Cash Receipts						
Total Cash Receipts	3.6	15.0	26.3	50.2	4.8	100.0

Source: Ontario Ministry of Agriculture and Food, Agricultural Statistics for Ontario, 1985.

FOOD PROCESSING IN ONTARIO

Ontario is the leading food manufacturing province in Canada, accounting for 39 percent of the value of shipments of own manufacture in 1983. This pre-eminent position is the result of two factors — a diversified agricultural base and proximity to the population centres in Canada.

Within Ontario, the Food and Beverage Industry (SIC Code 01) is the second most important manufacturing industry in terms of shipments, value added and employment. Table 1-2 compares the contribution of the food and beverages industry to the total manufacturing activity in the province for the year 1982.

TABLE 1 - 2

	All Manufacturing Industries	Food and Beverage Manufacturing Industries	Food and Beverage as percent of total
Production workers (numbers)	589,649	57,246	9.7
All workers (numbers)	848,403	86,919	10.2
Wages & Salaries ($ millions)	18,950	1,850	9.8
Value of shipments of own manufacture ($ millions)	93,939	12,912	13.7
Value added on shipments of own manufacture ($ millions)	35,164	4,451	12.7
Cost of materials and supplies used in manufacturing ($ millions)	55,970	8,244	14.7

Source: Statistics Canada, Manufacturing Industries of Canada, 1982, Cat. 31 - 203.

Ontario also has a large tobacco products industry employing approximately 3,700* men and women. In 1982 the tobacco manufacturing industry in Ontario shipped $814 million worth of own manufacture for a value addition of $311 million. In addition, the various industries that utilize agricultural by-products such as the leather industry and the pharmaceutical industry are significant contributors to employment and the gross domestic product of the province.

Thus taken together the various industries that manufacture agricultural commodities into a variety of products, food and non-food, give direct employment to approximately 10% of the manufacturing force in Ontario. In 1982 these industries purchased approximately $8 billion worth of raw materials, mainly agricultural products (in some cases pre-processed) of both domestic and foreign origin. With the exception of fresh market fruits and vegetables, table eggs and the small quantities of grains and oilseeds that are directly consumed or exported, almost the entire agricultural production of Ontario undergoes some manufacturing. As a conservative estimate, Ontario farmers rely on the manufacturing industries to purchase over eighty percent of their production. Thus not only is the food manufacturing industry an important contributor to the economy of Ontario and Canada, its health is vital to agriculture in this province.

Although almost every sector of the food manufacturing industry contains a significant number of small firms, a handful of giants dominate the market in terms of share of total output for any specific product category. Many of the smaller firms in fact simply pack for the brand name companies or the private labels of the supermarket chains. As a result these companies lack direct communication with the consumers.

* Source: Statistics Canada, Manufacturing Industries of Canada, 1982, Cat. 31 - 203.

Another feature of the food industry is that for many product categories the leading manufacturers are foreign controlled (mainly U.S. based) corporations. Concern has been expressed about the willingness of Canadian branch plant companies to export in competition with the parent corporation to third country markets. This can mean substantial lost production for Ontario's farmers and a curtailment of economic growth.

Much of the food manufacturing in Canada enjoys a significant tariff protection from external competition, the notable exception being the red meats slaughtering and packing industries. In addition the alcoholic beverage industries are further subject to provincial preferential policies. Thus, given the great similarities in food tastes between Canada and the U.S.A. and the branch plant nature of much of the industry in Canada, removal of the tariff barriers would result in substantial dislocation of this sector. The resulting impact on some sectors of agriculture in Ontario, such as fruits and vegetables grown for processing, grapes grown for processing and the poultry industries, will be significant.

FOOD RETAILING:

Four supermarket chains dominate the food retailing scene in Ontario — A & P, Oshawa Wholesalers, Steinbergs and the Weston Group. The Weston Group is a highly diversified conglomerate in the food industry. The other chains also to varying degrees have vertically integrated into many key sectors of food processing. In addition, through devices such as private labels and "no-name" brands the retail chains have acquired substantial vertical control of the food processing sector without the necessity of actual ownership.

Trade practices such as volume rebates give extraordinary and unfair advantages to the big chains vis a vis the smaller retailers. High 'listing allowances' add to the cost of entry of new products while the threat of 'de-listing' increases the risk and inhibits product innovation and long-range planning by food manufacturers. In recent

years we have seen two or more supermarket chains further joining hands to form buying groups for the sole purpose of extracting even larger discounts and rebates from the suppliers.

Naturally the bigger and more diversified food manufacturers are better able to resist these pressures for discounts and rebates. The smaller suppliers have little choice but to pack for the private label market. As a result, concentration at the retailing end is contributing to further concentration in food manufacturing.

Retail concentration has added a new dimension of uncertainty to the food manufacturing sector with market access being essentially controlled by a handful of buyers. This is not the most conducive climate for investment in plant improvement or product innovation. As Murray Hawkins of the Univesity of Alberta has stated succinctly, retailers are essentially economizers; not innovators.

INPUTS INDUSTRY:

This is a large and diversified industry. Detailed statistics are not easily available as many of these industries are classified according to general activity, such as chemical industries or machinery manufacturers, and as such the agricultural component is difficult to separate out.

Growing specialization on the farm has meant greater dependence on purchased inputs. Farmers are large users of petroleum fuels not only to power and lubricate their machinery but also as users of nitrogen fertilizers and various agricultural chemicals. Changes in the price of petroleum fuels whether due to international events or Canadian public policy have a strong impact on the agricultural industry.

Farmers are substantial buyers of machinery and buildings and building supplies. The decline in the fortunes of the equipment manufacturers can be linked directly to the squeezing of farm incomes in the last three years. Frequent changes to the taxation

treatment of investment, be it investment tax credits or capital cost allowances, have a major impact on investment decisions in the industry.

Finally, farmers are large scale users of credit. Federal monetary and interest rate policies profoundly affect the industry as the events of the last three years have proven beyond doubt.

CONSUMERS:

With a population of close to 9 million that is highly urbanized and with one of the highest per-capita incomes in the world, Ontario represents a very lucrative market for food products. Consumer tastes in Ontario as indeed across Canada have been changing rapidly over the last several years. Major factors influencing these changes are: rising disposable incomes, increasing number of women in the work force, aging population, smaller families, increasing ethnicity of the population, general internationalization of food tastes, greater awareness of nutrition and health and a changing lifestyle placing more emphasis on convenience and visual aesthetics. In tandem with this is a rapid increase in the number of meals consumed in restaurants and in particular franchised outlets. These continuing changes at the consumer level will impact on the food system at all levels.

CHAPTER 2

STRUCTURE OF AGRICULTURE

What drives farmers? More production, greater income, enhancement of wealth and growth for growth's sake. In this they have been aided and abetted by large expenditures, public as well as private, in research, education and extension. One result of this is an agricultural system that is able to progressively produce more food on a smaller land base using less labour and at a very modest cost to the consumer. Another result is larger but fewer farms, greater employment of production enhancing inputs, more machinery and equipment and less on-farm labour. This phenomenon is not peculiar to Ontario. It has been happening across Canada, the United States and many other countries.

The salient features of these changes are described in Table 2-1. The period 1961 to 1971 was one of reasonably stable prices in the economy while the period 1971 to 1981 was one of rapid inflation. While physical changes such as size of farms, output per unit of labour were greater between 1961 and 1971, changes in financial terms were dominant in the period 1971 to 1981. Thus the implications for adjustment are different for these two periods.

Mobility in Agriculture: Farms are essentially family businesses. Ownership and management are vested within the family with most of the labour also provided by the family. The intergenerational transfer of farms and the attendant problem of financing the transfers is a matter of some importance. This is particularly so when we consider that it now requires substantial amounts of capital to operate a farm business.

Figure 2-1 provides a measure of the rate of mobility in agriculture. It is based on the premise that control of the farm business is exercised by the principal operator and hence is a recording of the appearance of new names and disappearance of old names in the Agricultural Register which is a record of all the principal operators.

TABLE 2-1

SALIENT FEATURES OF CHANGE IN ONTARIO AGRICULTURE, 1961 - 1981

	1961	1971	1981	Percent Change 1961 - 71	Percent Change 1971 - 81
Number of Census Farms	121,333	94,722	82,448	-22	-13
Total Area (000 acres)	18,579	15,963	14,923	-14	-7
Average acres per farm	153	169	181	10	7
Improved acres per farm	99	115	135	16	17
Capital Value per farm ($)	30,837	72,819	379,429	136	421
Total Employment	160,000	129,000	143,000	-19	11
Index of Production (1981 = 100)	65.8	80.9	100.0	23	24
Index of Production per farm	44.7	70.4	100.0	57	42
Gross Farm Income ($ million)	931	1,469	5,050	58	244
Gross Farm Income per farm ($)	7,676	15,509	61,360	102	296

Source: Statistics Canada, Farm Income Reference Handbook, Census of Agriculture and Special Tabulation on Employment.

We see from Figure 2-1 that between 1966 and 1981, 77,674 new farmers entered the business. This suggests that on average, a farm business changes hands every 16 years. The rate of change may in fact be even greater because some farm businesses may change hands more than once between two consecutive census.

The rates of entry and exit give us some indication of the financing required. Using 1981 census capital values and taking into account that 25% of farm land is rented, the financing required to facilitate intergenerational transfers alone is approximately $1500 million per year. External sources provide only a third of the financing. The rest is supplied within the system, as private loans and sales on concessional terms. Needless to say, most farm transfers take place within the family, i.e. parent to child.

Economic Classification of Ontario Farms: Farms in Ontario may be classified into three well defined categories — commercial, quasi-commercial and non-commercial.

Commercial farms are operations whose owners' principal object is to derive a profit from farming itself, i.e. the production and sale of agricultural products. Commercial farms are operated on a scale that requires substantial labour input and, therefore, their owner operators must either work full-time or nearly full-time on their farms. This does not preclude part-time or seasonal off-farm work or operations that are managed with hired employees. The essential feature of the commercial farm is that profit from farming is not only the principal object but also a necessary condition for the continued viability of the farm enterprise. Obviously the minimum scale of operation of a commercial farm would depend on the nature of the enterprise — whether it is a low value adding or a high value adding type of operation. Examples of commercial farms would be:

FARM ENTRANTS AND EXITERS IN ONTARIO

1966 - 1981

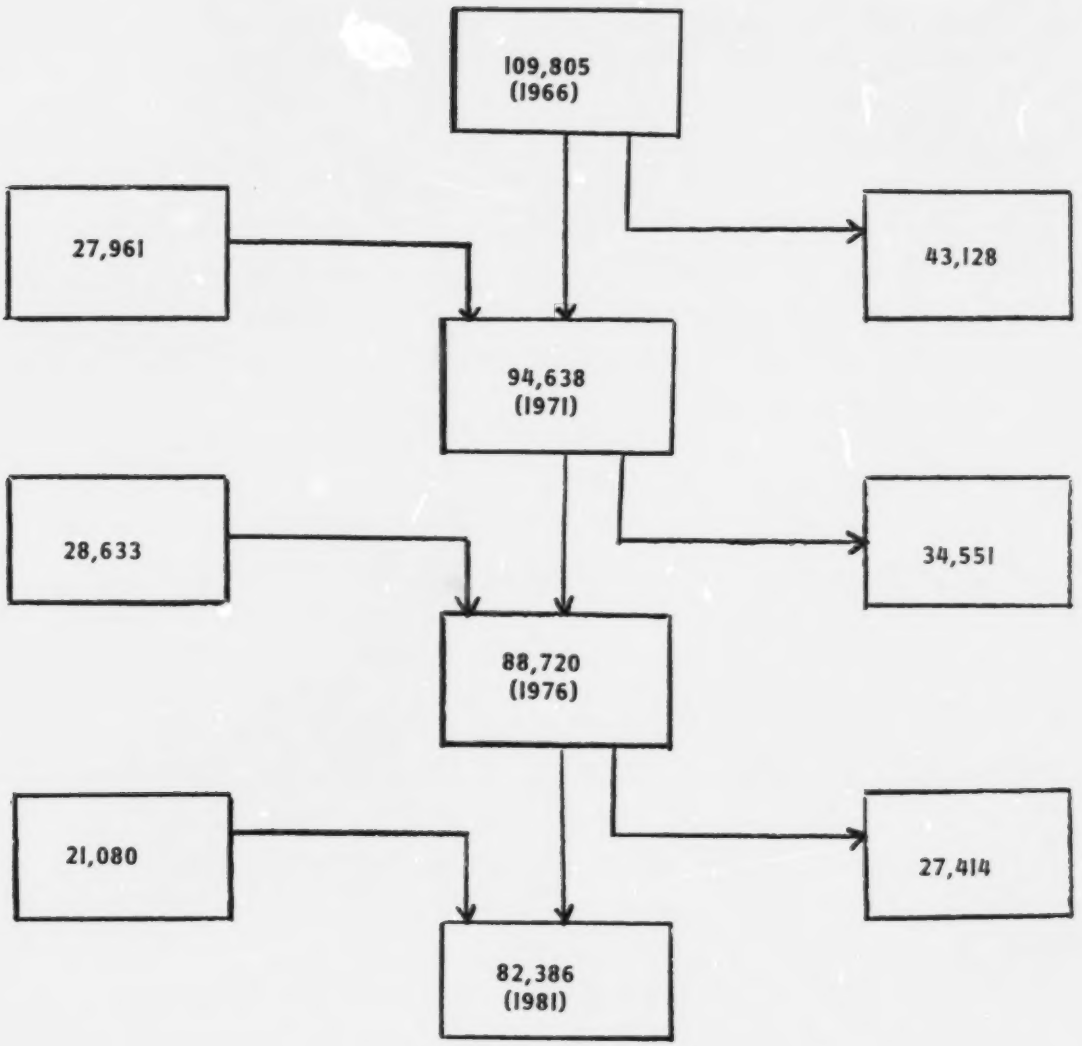


Figure 2 - 1

Source: Statistics Canada

Dairy	- 30 or more milking cows.
Beef-feed lot	- 100 or more per year.
Cow-calf	- 40 or more cows.
Cash crop	- 200 acres or more under crops.
Pork	- 40 or more sows, farrow to finish.
Tree Fruits	- 10 acres or more.
Strawberries	- 'Pick your Own'. 10 acres or more.
Fresh Market Vegetables	- 10 acres or more.
Poultry	- Annual sales over $100,000.

It should be recognized that the above examples of commercial farms pertain to minimum sizes. They may not necessarily generate sufficient incomes to cover full family living expenses. But they are operations that under normal conditions can be expected to make a significant contribution to the total income of the operator and family.

Quasi-commercial farms are operations that are operated on a scale sufficiently large to require cost and price considerations in making production and marketing decisions. But whether they are necessarily operated with the principal object of making a profit from farming itself is debatable. Other considerations such as 'building equity' (with the eventual object of reaching commercial scale), country living, tax advantages, anticipation of gains from land value appreciation, etc. may be more important considerations. Operators of quasi-commercial farms fall into three broad groups:

(1) Older individuals who may be "slowing down".

(2) Beginning farmers who may be "building equity".

(3) Individuals whose main focus is non-farm employment.

Thus the quasi-commercial category includes individuals who may be said to have a 'farm focus' as well as individuals who have a 'non-farm focus'. However, the essential characteristic of quasi-commercial farms — whether they be operated by older farmers, beginning farmers or farmers with a committed stake in non-farm employment — is that profit from farming can be expected to make only a modest contribution toward the living costs of the operator.

Non-commercial farms (also known as hobby farms) are operations which are simply not profitable in the usual business sense. Some are clearly hobby farms not only in a commercial sense but also for purposes of income taxation. Many other non-commercial farm operators do enjoy the status of 'part-time' farmers for income tax purposes. A notable feature of non-commercial farms is that the majority of them consistently report losses from farming. Obviously, the operators of these farms do not look to farming for a living.

For purposes of quantitative classification, we have chosen to classify farms according to sales criteria. Farms are classified as shown below:

Commercial:	Annual Sales of $50,000 or more
Quasi-Commercial:	Annual Sales of $10,000 to $50.000
Non-Commercial:	Annual Sales under $10,000

It should be recognized that the statistical classification is not identical with the definitional classification. The existence of overlap is readily recognized, particularly as the statistical classification is not enterprise specific. However, we believe that the statistical classification described above is a reasonable reflection of the industry today.

The three broad classes of farms, namely commercial, quasi-commercial and non-commercial, will respond to agricultural and economic stimuli in different ways, not only in degree but possibly also in kind and direction. This is because the economic

goals of the operators are very different. This has major implications for public policy. The conventional thinking that all farm operators will respond to economic stimuli in like manner but perhaps to different degrees, needs to be set to rest.

The distribution of Census farms by type of enterprise and annual sales is shown in Table 2-2. A farm is denoted by enterprise (such as dairy) if 51 percent or more of the farm sales are products of that enterprise. Table 2-2 shows how the nature of an enterprise influences the structural distribution of farms within that enterprise. For example, in a labour intensive enterprise such as dairying where opportunities for off-farm employment are limited, the majority of operations are on a commercial scale with high dependence on farming for most of the income. On the other hand in a less labour intensive enterprise such as grains, the opportunities for off-farm employment are much greater. Thus one finds a large proportion of grain farms are quasi-commercial and non-commercial.

Table 2 - 2

DISTRIBUTION OF FARMS* IN ONTARIO

BY TYPE OF ENTERPRISE AND ECONOMIC CLASS, 1981

	Annual Sales in 1980		
	$50,000 or more	$10,000 - $49,999	Under $10,000
Dairy	62.9	30.1	7.1
Cattle	19.6	38.8	41.6
Hogs	49.3	35.3	15.3
Poultry	58.4	17.6	24.1
Grains	27.1	46.1	26.8
Field Crops	69.1	11.4	19.5
Fruit & Veg.	26.7	40.7	32.6
Misc. Specialty	26.9	32.4	40.7
Livestock Comb.	35.2	34.8	29.9
Field Crop Comb.	57.0	30.1	12.9
Other Comb.	27.6	32.1	40.3

* Sales of $2,500 or more

Source: Statistics Canada, Census of Agriculture.

Between 1971 and 1981, the numbers of census farms classified as livestock enterprises declined by 25 percent while the numbers of farms classifed as crop enterprises increased by 36 percent. This change by enterprise type is shown in Table 2-3. Clearly, the shift to crop enterprises would allow many more farm operators and family members to seek off-farm employment.

TABLE 2 - 3

CENSUS FARMS* BY TYPE OF ENTERPRISE, ONTARIO

		1971	1981	% Change
Livestock Enterprises	Dairy	18,950	13,015	-31
	Cattle	22,575	19,565	-13
	Hogs	7,125	5,045	-29
	Poultry	2,135	1,830	-14
	Mixed	6,915	3,570	-48
Crop Enterprises	Grains	7,120	14,700	+106
	Field Crops	4,725	3,255	-31
	Fruits & Vegs.	4,575	3,795	+44
Total		75,745	68,995	-9

*Farms with sales of $2,500 or more in 1980 dollars.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

Age Distribution of Farm Operators:

Between 1971 and 1981 a large number of younger farmers entered the industry. As a result the average age of farmers declined while the average age of the population as a whole increased. The age distribution of farm operators is shown in Table 2-4 for 1971 and 1981.

TABLE 2 - 4

AGE OF CENSUS FARM OPERATORS IN ONTARIO

Age	1971 Number	1971 %	1981 Number	1981 %
Under 25	1,688	1.8	2,069	2.5
25 - 34	11,802	12.5	12,600	15.3
35 - 44	21,775	23.0	18,867	22.9
45 - 54	26,705	28.2	21,559	26.1
55 - 64	20,503	21.7	17,547	21.3
65 and over	12,237	12.9	9,806	11.9
Total	94,722	100.0	82,448	100.0

Source: Statistics Canada, Census of Agriculture.

'Snap-shot' pictures of age distributions capture several trends and changes — secular, cyclical as well as short term — that are occuring in an industry simultaneously. As such, age distribution data must be interpreted with some caution. Tables 2-5 and 2-6 show age distribution by economic scale of farming and type of enterprise by commodity. In these tables, age distribution is shown by degree of representation by any age group in each category. A degree of representation of 1.00 would incidate that operators of an age group are represented in a category (such as sales under $10,000) in the same proportion as the total of all operators are represented in that category. A number less than 1.00 would indicate under-representation and a number greater than 1.00 would indicate over-representation.

TABLE 2 - 5

DEGREE OF REPRESENTATION BY AGE AND SALES, 1981

Annual Sales	Age of Operator					
	Under 25	25-34	35-44	45-54	55-64	65 and over
Under $10,000	0.83	0.85	0.95	0.90	1.03	1.48
$10,000 - $49,999	1.19	0.89	0.89	0.99	1.16	1.04
$50,000 - $99,999	1.19	1.26	1.08	1.12	0.89	0.41
$100,000 and over	0.89	1.35	1.27	1.14	0.71	0.27

Source: Statistics Canada, Census of Agriculture.

As one might expect, the older operators (Age 65 and over) are over-represented in the non-commercial categories of farming. This is an indication of their 'down sizing'. For most of these farmers pensions and investments are important sources of income. The youngest group of farmers (age under 25) are well represented in the commercial categories of farming. This would suggest that new entrants do not necessarily begin on a small scale and slowly build up their operations, but instead start out on a commercial scale using either inherited or borrowed capital. Operators in the age group 25 to 34 are the most over-represented in the commercial and highly commercial categories. This suggests not only a rapid build up to highly commercial farming but also a capture of the secular trend to commercialization of agriculture. Clearly the younger farmers are playing a leading role in this commercialization.

TABLE 2 - 6

DEGREE OF REPRESENTATION BY AGE AND ENTERPRISE TYPE, 1981

Enterprise Type*	Age of Operators					
	Under 25	25-34	35-44	45-54	55-64	65 and and over
Dairy	0.79	1.01	0.99	1.09	1.03	0.72
Cattle	0.63	0.72	0.92	0.99	1.15	1.38
Hogs	1.96	1.64	1.22	0.93	0.61	0.33
Poultry	0.86	1.03	1.15	1.09	0.88	0.66
Mixed	1.10	1.12	1.09	1.02	0.85	0.84
Grains	1.46	1.10	0.96	0.90	0.97	1.11
Field Crops	1.22	1.32	1.09	0.99	0.82	0.65
Fruit & Vegs.	0.73	0.80	0.94	1.04	1.11	1.15
Misc. Specialty	0.66	1.01	1.13	1.08	0.85	0.88

*Farms with sales of $2,500 or more

Source: Statistics Canada, Census of Agriculture.

From Table 2-6 we see that older farmers are under-represented in the labour intensive enterprises such as dairy and hogs. On the other hand the high representation of younger farmers in hogs is an indication of the profitability of hog farming through most of the 1970s and also the ease of entry to the enterprise. Cattle farming shows progressively increased representation with age. This is a type of enterprise that requires large capital and less labour. If past experience is a useful indicator, many of the younger hog farmers will switch to cattle farming as they increase their equity. Although the numbers of grain farmers doubled between 1971 and 1981, the increase has come across all age groups, with the younger farmers taking a proportionately larger share. The under-representation of younger farmers in fruits and vegetables is an indicator of the cost of entry into this type of enterprise as well as the fact that these types of operations are increasingly carried on with paid labour.

In this section we examine the salient dimensions of the changes that have taken place between 1971 and 1981. The capital value per census farm has increased over 400 percent from 1971 to 1981. The impact of this on the distribution of production and capital has not been secular. Table 2-7 shows some of the structural changes that have occurred.

TABLE 2 - 7

Annual Sales in 1980 Dollars*	1971	1981	% Change
Under $10,000	38,345	32,480	-15.3
$10,000 - $49,999	37,025	24,960	-32.6
$50,000 - $99,999	13,330	12,360	-7.3
$100,000 and over	6,220	12,645	+103.3
Total	94,920	82,450	-13.1

* Adjusted for inflation using index of farm prices.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

Within the category of commercial farms those with sales between $50,000 and $99,999 declined by 7.3 percent, while those with sales of $100,000 and over went up by 103.3 percent. These statistics indicate a strong shift to commercial scale farming in Ontario.

As a result, farms with sales of $100,000 and more increased their total share of sales from 41 percent to 65 percent and the share of every other category declined significantly. In accordance, the distribution of capital employed has also changed substantially. It is worth noting that of the farmers who were principal operators in 1971, only 35 percent continued as principal operators in 1981. This means that the rate of secular change has been much slower than the rate of entry and exit, i.e. movement between sales groups has been slower than movement in and out of the industry.

The structural change does not necessarily imply increasing concentration in agriculture. Although the farms in the $100,000 and over sales group increased their share of capital employed, there were twice as many farms in 1981 with $100,000 and over sales as in 1971. Table 2-8 shows the distribution of capital in agriculture in 1971 and 1981.

TABLE 2 - 8

DISTRIBUTION OF CAPITAL IN ONTARIO AGRICULTURE

	Percent of Capital Employed	
	1971	1981
Bottom 20 percent	5.25	4.02
Next 30 percent	15.63	13.59
Next 30 percent	28.72	26.08
Top 20 percent	50.40	56.31

Source: Statistics Canada, Census of Agriculture.

It should be recognized that capital employed is different from capital owned in that 25 percent of farm land in Ontario is rented, i.e. owned outside the industry. Much of this rented land is used by the larger farm operations and there has been an increase in proportion of land rented. As such, although there has been a

significant shift in the structure of agriculture, change in concentration of ownership among farmers has been small.

This shift to commercial scale farming took place during a period of high commodity prices concurrent with predictions of global population explosion and food shortages creating a prophecy that 'the future belongs to the farmer'. At the same time high inflation in Canada led to rapid increases in farm land values and these increases were in part fed by expectations of further increases. Many of these new commercial scale farmers were ill prepared for the volatility in farming either in terms of business skills or equity investment.

These inflationary forces also attracted large numbers of non-commercial farmers whose primary motive appears to have been land investment and tax advantages.

The group of farmers that we have termed quasi-commercial declined in numbers most drastically during this time. Farming on this scale was no longer considered a practical long-term alternative either by credit institutions, agricultural experts or for that matter by new entrants themselves.

Presently (1981 Census of Agriculture) commercial farms make up 30 percent of all census farms in Ontario, but account for 84 percent of the sales of Ontario agriculture. These farms command the majority of agricultural assets but also carry almost all the agricultural debt.

Not all farm operators consider themselves primarily as farmers. A reliable indicator of the focus of the operator is his/her stated occupation volunteered for the Census of Population. Using stated occupation as the indicator of focus, the number of 'farmers' declined by 14.2 percent between 1971 and 1981. During the same period the number of 'non-farmers' declined by only 4.5 percent.

As one might expect, 'non-farmers' are heavily represented in the non-commercial category of farming.

Stated Occupation: Farming

Annual Sales in 1980 Dollars*	Number of Farm Operators 1971	1981	Change
Under $10,000	11,970	9,345	- 2,625
$10,000 to $49,999	26,275	15,620	-10,655
$50,000 and over	16,845	22,290	+ 5,445

Stated Occupation: Non-Farming

Annual Sales in 1980 Dollars*	Number of Farm Operators 1971	1981	Change
Under $10,000	20,805	19,290	-1,515
$10,000 to $49,999	7,755	7,735	- 20
$50,000 and over	1,665	1,825	+160

*Adjusted for inflation using index of farm prices.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

The greatest changes in numbers have occurred within the group identifying themselves as farmers while among 'non-farmers' the change has been negligible. These shifts show that while 'farmers' have had to respond to intensification of economic forces by either expanding or dropping out, 'non-farmers' have been virtually unaffected.

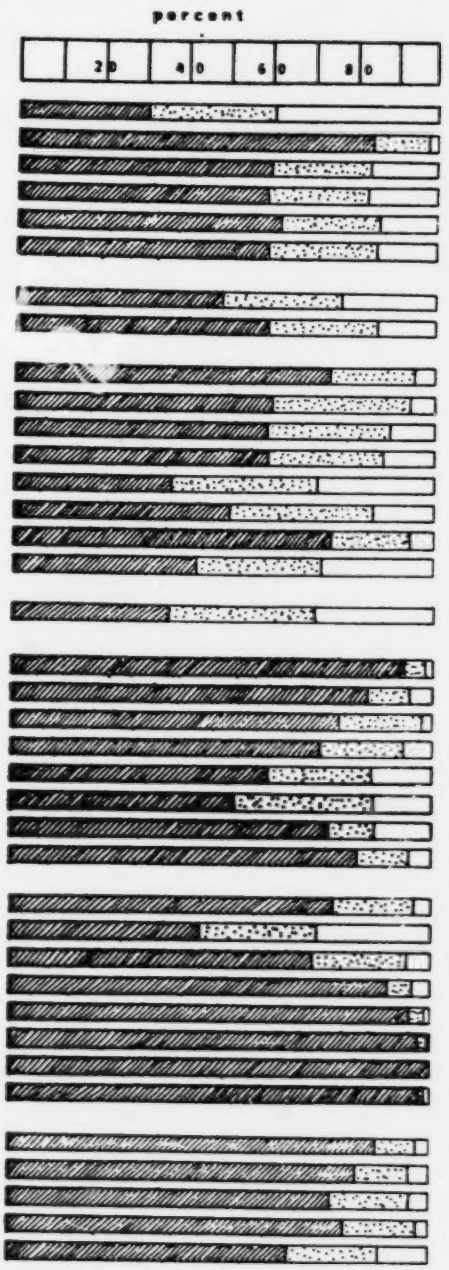
Implications of Structure: Commercial farms represent only 30 percent of the census farms in Ontario, but their contribution to agricultural sales is 84 percent. Quasi-commercial farms contribute approximately 13 percent to sales and non-commercial farms only 3 percent as illustrated in Figure 2-2.

DISTRIBUTION OF PRODUCTION ON ONTARIO FARMS BY ECONOMIC CLASSIFICATION, 1981

Commercial (Sales $50,000 and Ovpr)

Quasi-commercial (Sales $10,000 to $49,999)

Non-commercial (Sales Under $10,000)



Number of Farms (82,448)
Total Sales $4,657 million)
Total Farm Capital $31,283 million)
Land & buildings ($25,299 million)
Machinery & Equipment ($3,462 million)
Livestock & Poultry ($2,522 million)

Total Area (14,923,280 acres)
Area Under crops (8,976,664 acres)

Grain Corn (2,171,777 acres)
Soybeans (689,061 acres)
Wheat (527,042 acres)
Barley (466,602 acres)
Oats (280,514 acres)
Mixed Grains (783,311 acres)
Fodder Corn (643,222 acres)
Tame Hay (2,575,119 acres)

Improved Pasture (1,623,506 acres)

Tobacco (120,423 acres)
Potatoes (39,115 acres)
Dry Field Beans (163,006 acres)
Vegetables (152,239 acres)
Tree Fruits (51,016 acres)
Small Fruits (28,338 acres)
Nursery Products (13,863 acres)
Green House (39,167,661 square feet)

Dairy Cows (552,748)
Beef Cows (310,211)*
Beef Feeders (980,442)*
Sows (347,166)*
Hog Feeders (1,521,751)*
Layers (5,860,143) *
Broilers and Roosters (11,181,353)*
Turkeys (4,015,561)

Cash Wages paid ($337 million)
Feed & Supplements Purchased ($713 million)
Fertilizer & Lime Purchased ($252 million)
Agri-chemicals Purchased ($93 million)
Repairs & Maintenance ($262 million)

Source: Census of Agriculture, 1981

* These statistics obtained from the FCC Farm Survey, 1984. Economic Classification used for commodities indicated by * is as follows:

Beef Cows, Sows: Commercial - Sales over $26,500
Quasi-Commercial - Sales $10,000 to $26,500
Non-Commercial - Sales under $10,000

Beef Feeders, Hog Feeders & Poultry: Commercial - Sales over $79,700
Quasi-Commercial - Sales $10,000 to $79,700
Non-Commercial - Sales under $10,000

Figure 2 - 2

Figure 2-2 details the acreage of major crops and the numbers of major livestocks by economic class of farms. Between two-thirds and three-quarters of the acreage of most crops and livestock on farms are accounted for by farms with sales of $50,000 or more. The much higher proportion of total sales accounted for by the commercial farms would suggest that these farms are more intensive with respect to technology and labour.

The contribution of quasi-commercial farms is minor but significant in most product categories particularly grains, soyabeans, beef, vegetables and fruits. Many vegetables and fruit operations as well as cow-calf operations, although classified as quasi-commercial, are in fact commercial operations because of the high value they add to their products.

The contribution of non-commercial farms is insignificant in all product categories except beef and fodder crops. The close correlation between Table 2-8 and Figure 2-2 points out the high degree of product specialization on Ontario farms.

The financial structure of Ontario farms varies greatly according to the economic class of the farm. Table 2-9 shows the distribution of farms by sales class and total assets.

TABLE 2 - 9

DISTRIBUTION OF ONTARIO FARMS
BY SALES AND ASSETS (%)*

Sales ($000)	Assets ($000)			
	LT 195	195 to 437	GT 437	Total
2.0 to 10.0	16.1	5.1	0.2	21.4
10.0 to 26.5	9.7	6.8	1.8	18.3
26.5 to 79.7	6.9	11.4	5.5	23.8
79.7 to 160.0	0.1	8.4	13.5	22.1
GT 160	0.4	1.6	12.5	14.4
TOTAL	33.2	33.3	33.4	100.0

*Source: FCC Farm Survey, 1984, Special Tabulation.

As one might expect, farms with low sales by and large have low assets while farms with high sales have high assets.

As with the census data, the FCC Farm Survey data also shows that farms in the high sales groups (sales over $79,700) accounted for most of the production of agricultural products. The respective shares of total sales in 1983 were as follows:

TABLE 2 - 10

Sales Group	Total Sales ($ million)	% Total Sales
over $160,000	3040	56
$79,700 - $160,000	1448	27
$26,500 - $79,700	661	12
$10,000 - $26,500	192	4
$2,000 - $10,000	71	1
Total	5412	100

Source: FCC Farm Survey, 1984, Special Tabulation.

The high sales farms also account for most of the assets and most of the debt of the industry.

TABLE 2 - 11

Sales Group	% of Assets	% of Liabilities
over $160,000	33.9	46.0
$79,700 - $160,000	27.6	30.4
$26,500 - $79,700	18.4	16.2
$10,000 - $26,500	11.9	4.3
$2,000 - $10,000	8.1	3.1
Total ($ million)	25,740	5,037

Source: FCC Farm Survey, 1984, Special Tabulation.

Appendix II details the financial structure of Ontario farms by sales class.

The preceding observations highlight not only the importance of commercial scale farms to the total agri-food system in the province, but also the sensitivity of such farms to economic variables that affect agriculture and agricultural income. They also point the way to our detailed examination of the distribution of agricultural income among farmers and its contribution to the total incomes of farmers and farm families.

PART II

INCOMES OF FARMERS AND THEIR FAMILIES

CHAPTER 3

DEFINITION OF TERMS

The dictionary definition of a farmer is a person who cultivates land or crops or who raises livestock. A farm is defined as a plot of land devoted to the cultivation of crops or the raising of livestock. Obviously, for economic and statistical purposes such simple definitions of farm and farmer are very inadequate.

In Canada there are two distinct sets of statistics — one seeking to define a farm and the other seeking to define a farmer. Each is described briefly below:

The Census of Agriculture: The Census of Agriculture is a quinquennial inventory of all agricultural holdings in the Country. The agricultural holdings are grouped into census farms with each farm designated as the operation of a principal farm operator or census farm operator. A census farm* is defined as an operation that sold more than $250 worth of agricultural products, of own production, in the twelve months prior to the census date. Based on this definition there were 82,448 census farms in Ontario in 1981 and thus 82,448 census farm operators.

Thus one definition of a farmer is one who is a census farm operator. Such a definition varies from the dictionary definition in a number of ways, described below:

(1) A miniscule number of individuals operate more than one census farm.

(2) Secondary operators such as partners and shareholders who are also engaged on the same farm are not counted.

*This is the definition adopted in the 1981 Census. Previous census definitions are slightly different but for practical purposes they are comparable.

(3) Family members of the principal operator who are also active in farming are not counted.

(4) Paid employees on census farms, many of whom are engaged full-time in agriculture are not counted.

(5) Non-Census farm operations, such as those with sales less than $250, Christmas tree farms, racing and stabling farms, are not counted.

(6) Some Census farm operators are farmers in only a proprietary sense. In the 1981 census, 2,170 farm operators reported "not-working".

Farm Tax-filer Statistics: These are annual statistics based on income tax returns. A farm tax-filer is an individual who reported positive gross income or non-zero net income from unincorporated, self employed farming activity.

The Income Tax Act stipulates that in order for farming expenses to be admissible, the tax-filer must have a reasonable expectation of profit from farming. Tax-filers who are deemed not to have a reasonable expectation of profit are popularly known as hobby farmers. The farm tax-filer statistics may include some hobby farmers because they are income and expenditure statements as claimed by the tax-filer rather than as allowed by Revenue Canada-Taxation. However, in so far as the 'rules of the game' are presumed to be known the expectation is that few hobby farmers file farm tax returns.

Thus the second definition of a farmer is an individual who files a farm tax return. Such a definition varies from the dictionary definition and the Census of Agriculture definition in a number of ways, described below:

(1) Farming activity is more broadly defined under the Income Tax Act than under the Census of Agriculture. Thus,

operations such as Christmas tree farms and racing and stabling farms which are not considered agriculture for census purposes are admissible under Income Tax rules. Also the requirement of minimum sales of $250 does not apply for farm income taxation. As a result, the farm tax-filer statistics could include individuals that are not connected with census farms.

(2) Not all individuals who are connected with census farms need be farm tax-filers for the following reasons:

(a) They could be hobby farmers.

(b) The individual may not have any taxable income and so is not required to file.

(c) The individual may not have farm income or expenses.

(3) On the other hand there could be more than one tax filer per census farm. Such a situation would arise if the farm is operated as a partnership either formally or informally. The latter case is called income splitting and usually involves members of the same family. The 1981 Census of Agriculture reported 5,191 farms with written partnership agreements and 5,629 farms with unwritten partnership agreements for a total of 10,820. Many operations could have more than two partners. Also many farms that are termed individual ownership operations in the census could be engaged in income splitting for income taxation purposes.

(4) Shareholders of incorporated farms are not included in the farm tax-filer statistics. The 1981 Census of Agriculture reported 3,118 incorporated farms of which 2,690 were family corporations.

(5) Paid agricultural workers do not file a farm tax return. In the Taxation Statistics they are subsumed under the category of business employees.

(6) One hundred census farms were classified as 'other' in 1981. These include farms operated by institutions, community pastures, etc.

Relationship between census farm statistics and farm tax filer statistics: The preceding discussion shows that there is no simple relationship linking farm tax-filers to census farms. This is shown diagramatically in Figure 3-1.

In 1981 there were 118,983 farm tax filers in Ontario. If all the principal operators and one additional partner in each partnership were to file a farm tax-return, the total would come to only 90,050. Non-census farms are not considered numerous enough to account for the remaining 29,000 tax-filers. We are resigned to conclude that income splitting is fairly widespread among census farm operators. This then is the measure of our ignorance.

Two interesting features of the numbers of census farms and the numbers of farm tax-filers is worth noting. In the last ten years, while the number of census farms has declined, the number of farm tax-filers has increased.

TABLE 3-1

NUMBERS OF CENSUS FARMS AND TAX-FILERS IN ONTARIO, 1971 TO 1983

Year	Census Farms*	Farm Tax-Filers
1971	92,707	97,811
1972		100,913
1973		102,573
1974		104,349
1975		106,767
1976	85,250	107,566
1977		108,052
1978		112,146
1979		116,518
1980		118,043
1981	79,230	118,983
1982		116,667
1983		114,615

* Includes only individual ownership and partnership farms.

Source: Statistcs Canada, Census of Agriculture.

The second feature is that, as one might expect, the ratio of farm tax-filers to census farms increases as the gross farm income increases.

TABLE 3 - 2

DISTRIBUTION OF CENSUS FARMS AND FARM TAX-FILERS IN ONTARIO BY GROSS FARM INCOME

Products Sold/Gross Farm Income	Number of Census Farms* in 1981	Number of Farm Tax-Filers in 1982	Ratio
Nil (no response)	--	4,195	--
$1 - $,2,499	13,327	15,305	1.07
$2,500 - $4,999	8,728	10,070	1.11
$5,000 - $9,999	10,026	14,365	1.37
$10,000 - $24,999	13,693	19,365	1.45
$25,000 - $49,999	10,748	14,105	1.31
$50,000 - $99,999	12,120	16,895	1.39
$100,000 and over	10,588	22,020	2.08

* Individual ownership and partnership farms only.
Source: Statistics Canada, Census of Agriculture and Special Tabulation for farm tax-filers.

It is worth noting that this ratio is fairly high even at the low gross income level of $5,000 to $10,000.

Defining a farm family: The farm tax-filer statistics describe the numbers and incomes of farmers as individuals. As has been seen, many farm operations and farm families have more than one farm tax-filer. There is no easy way to collapse all the tax-filers into their respective families.

Similarly, with census farms, only the principal operator is clearly identified. Secondary operators, be they partners or shareholders, are for statistical purposes, invisible.

The Agriculture - Population Sample Data Base: This is a data base where the information collected from the Census of Agriculture is combined with the information collected from the Census of Population. Income data, together with other statistics, are reported for the principal operators and their families only. Secondary operators such as partners and other shareholders are not identified. As these statistics report 1980 incomes of individuals who were principal operators in June 1981, those who were principal operators in 1980 but not at the time of the census are left out. Similarly, the incomes of those who became principal operators after January 1, 1980 would be distorted.

The treatment of farming income depends on whether or not the farm business is incorporated. Operators of unincorporated farms report net farm self-employment income and this statistic is treated as income from farming. Operators of incorporated farms are directed to report such income as either wages and salaries or dividends or both, as the case may be. Such income is treated as non-farm income in the statistics even though it may be derived from farming. To the extent that operators of incorporated farms follow the questionnaire directions accurately, farming income in the Agriculture-Population Sample Data Base has a downward bias and non-farm income has an upward bias. The 1981 Census of Agriculture reported 3,118 corporate farms of which 2,690 were family corporations. The distribution of farm family corporations by sales is shown in Table 3-3.

TABLE 3 - 3

DISTRIBUTION OF FARM FAMILY CORPORATIONS
BY VALUE OF AGRICULTURAL PRODUCTS SOLD

Value of agricultural Products Sold	Total Census Farms	Family Corporations	Percent
Under $10,000	32,464	288	0.89
$10,000 - $49,999	24,915	383	1.54
$50,000 - $99,999	12,510	323	2.59
$100,000 and over	12,559	1,695	13.50
All Farms	82,448	2,690	3.26

The Census of Population: The Census of Population defines the Rural Farm population as those living in the households of the principal census farm operators, who reside on farms, and are located in rural areas.

Of the 82,448 census farm operators, 4,846 lived off the farm and 77,602 lived on their farms. Of the 77,602 farm households 2,600 were located in urban areas. Thus, the rural farm population is defined as individuals living in 75,000 private households. The rural farm population then, narrowly defined, consists of 277,785 individuals living in private households. Their family organization is described below:

RURAL FARM POPULATION IN ONTARIO, 1981

Number of individuals:	277,785
Number of private households:	75,000
Number of Census* families:	70,105
Persons in Census families:	263,135
Non-family persons:	14,645
Number of Economic** families:	70,215
Persons in Economic families:	270,145
Unattached individuals:	7,640

Source: Statistics Canada, Census of Population Cat. 92-937.

As a result, statistics on family incomes would be different whether one refers to Census families or Economic families. However, such differences would be very small.

With regard to incorporated farms, we have the same situation as with Agriculture-Population Sample Data Base and the same qualifications apply.

* Census family is defined as a husband and wife (without or with children who have never married) or a lone parent with one or more children who have never married, living in the same dwelling.

** Economic family is defined as a group of two or more persons who live in the same dwelling and are related to one another by blood, marriage or adoption.

Comparing data bases: We have dealt at some length with the various statistical data bases that purport to define a farmer or a farm family. As we have seen, no single data base is comprehensive nor can a comprehensive data base be easily developed because of fundamental differences in approach. It is not the intention of this study to attempt to reconcile these different sources of data, although we have taken some pains to point out the salient differences. Instead we have used all the sources for the different dimensions of farm and farm family income that are contained in each data source.

Defining Farm Family Income: Farmers and their families derive income from several sources:

(a) Income from farming, i.e. the production and sale of agricultural products.

(b) Non-farm employment income which may consist of wages and salaries earned working for others and self-employment income earned operating a non-farm business.

(c) Investment income including rental income.

(d) Pension income and general transfers such as family allowances, unemployment insurance payments, alimony and old age security.

(e) Net gains from the sale of capital assets.

As with the definition of farmer, there are several data sources that attempt to track the incomes of farmers and farm families. In addition, because farming is a business, it is important that we also delve into an examination of the statistics dealing with farm finance. The following describes each data base with particular attention to the salient similarities and differences.

(1) The Annual Farm Income Statistics: It would be more accurate to call this the annual agricultural income statistic in that it essentially describes the gross income and expenses of the agricultural industry as a whole. The residual from deducting expenses from gross farm income is designated as net farm income. This net farm income is frequently equated to the total net income from farming of all the farmers in Ontario. The salient features of the Farm Income Statistics are:

(a) Gross Farm Income (mainly cash receipts from the sale of agricultural products) is estimated from production, marketing and price data collected for the principal farm products. The main sources of these data are buyers, terminal markets and marketing boards.

(b) Operating expenses are estimated mainly from farm tax returns and surveying a representative sample of farmers and farm suppliers.

(c) Depreciation charges are estimated by applying engineering capital consumption factors to the estimated market value of buildings and machinery. The capital stock of buildings and machinery is updated from annual sales data and quinquennial census data.

(d) Expenditures for land improvements including drainage are treated as non-depreciable capital additions.

(e) Eligible capital property namely quota, is not depreciable.

(f) All income and expenses are calculated on an accrual basis.

(2) Census of Agriculture: The Census of Agriculture is the most comprehensive inventory of the country's agricultural resources. Extensive information on enterprise type, assets and sales enable us to describe the economic structure of agriculture in Ontario.

(3) The Population Census Statistics: The population census provides income data for rural farm families and individuals. In addition, the Agriculture-Population Sample Data Base provides income data for the principal operators and families of all census farms. From the Match we can join various agricultural parameters of the farm with the income of the operator and family. The case of the incorporated farms has already been discussed earlier in this chapter. The census data is essentially information that is volunteered by the questionnaire respondents. Twenty percent of all farm households were mailed the detailed Census of Population questionnaire.

(4) Farm Tax-Filer Statistics: This is a compilation of income tax returns of those who claim either

(a) a positive gross farm income, or

(b) a non-zero net farm income from farm self-employment.

Most farm tax-filers report income and expenses on a cash basis. In addition, expenditures on land improvements including drainage can be treated as operating expenses for income tax purposes. One half of eligible capital property is depreciable. Depreciation on buildings and machinery is allowable according to a schedule based on acquisition costs. Interestingly, the claimed capital consumption for buildings and machinery closely approximates the depreciation estimates in the Agricultural Income Statistics.

The preceding discussion would suggest that net farm income from tax-filer statistics would be much lower than the net farm income from the Annual Agricultural Income estimates, as is indeed the case. On the other hand, the incidence of self-restriction of losses by part-time farmers (Under Section 31 of the Income tax Act) would have an upward bias on tax-filers' net income.

(5) Farm Credit Corporation Survey: In January of 1984 the Farm Credit Corporation carried out a survey of the farmers in Canada to ascertain their financial situation. In Ontario 782 farmers responded to the survey. Analysis of the survey throws some useful light on the financial structure and situation of Ontario farm businesses.

Comparing data bases: Not surprisingly, farm income statistics obtained from the various sources do not match, indeed some do not even come close. The magnitude of the discrepancies is presented in Figure 3-2. It is not the intention of this study to reconcile these discrepancies. We have taken some pains to point out the major methodological differences between the sources. We employ them for the different dimensions of farmer and farm family incomes that each data source contains. Through this, we propose to provide the reader with as clear a picture as possible of the income of farmers and their families and how they have changed over the last decade.

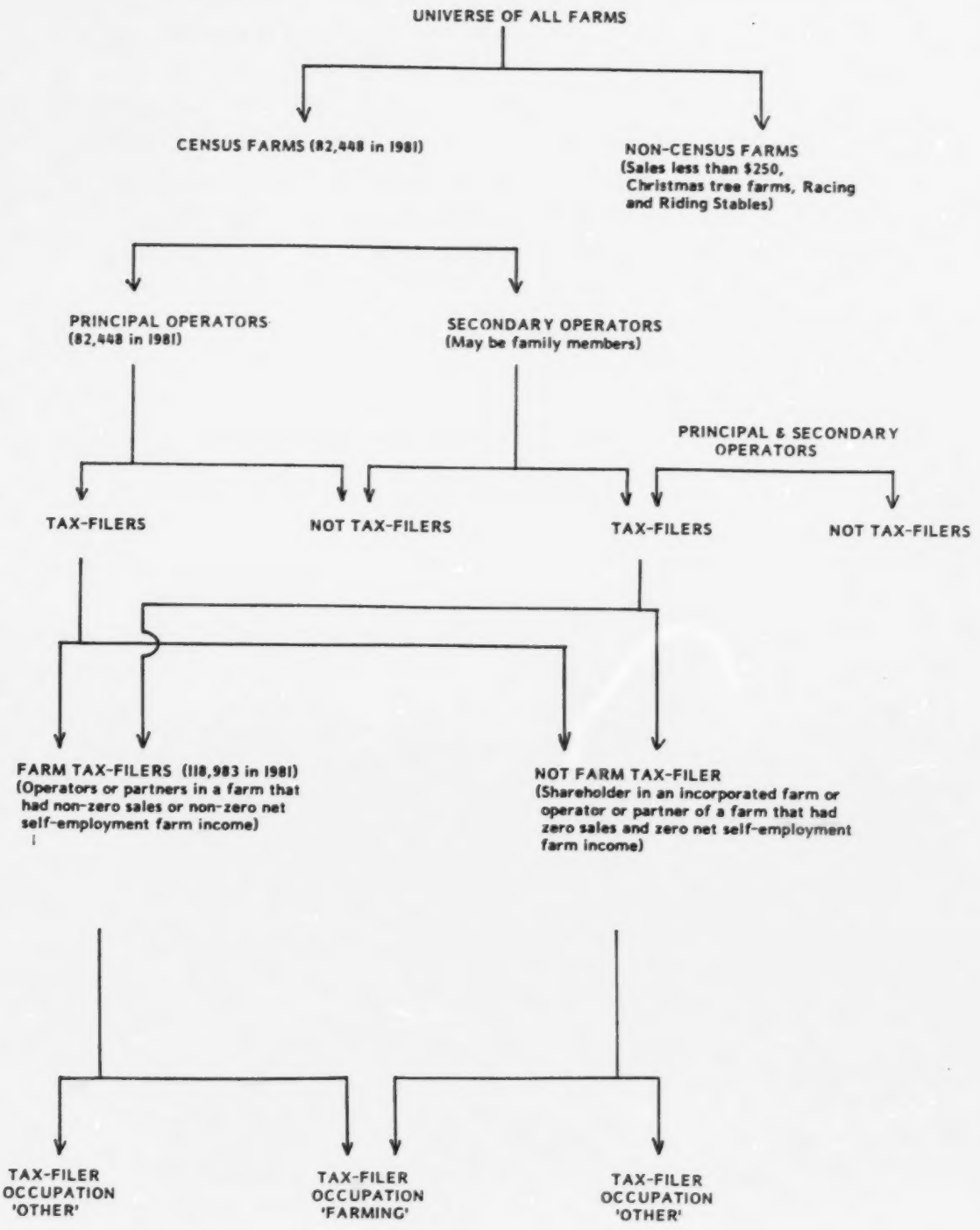

UNIVERSE OF ALL FARMS
CENSUS FARMS (82,448 in 1981)
NON-CENSUS FARMS
(Sales less than $250, Christmas tree farms, Racing and Riding Stables)
PRINCIPAL OPERATORS
(82,448 in 1981)
SECONDARY OPERATORS
(May be family members)
PRINCIPAL & SECONDARY OPERATORS
TAX-FILERS
NOT TAX-FILERS
TAX-FILERS
NOT TAX-FILERS
FARM TAX-FILERS (118,983 in 1981)
(Operators or partners in a farm that had non-zero sales or non-zero net self-employment farm income)
NOT FARM TAX-FILER
(Shareholder in an incorporated farm or operator or partner of a farm that had zero sales and zero net self-employment farm income)
TAX-FILER OCCUPATION 'OTHER'
TAX-FILER OCCUPATION 'FARMING'
TAX-FILER OCCUPATION 'OTHER'

Figure 3 - 1

INCOME OF FARM TAX-FILERS, 1980

Number of tax-filers:	118,043	
	Average	Total
Net Farm Income:	$ 2,172	$ 256 million
Non-Farm Employment Income:	$ 8,628	$1,018 million
Other Income:	$ 4,471	$ 528 million
Total Income	$15,271	$1,803 million

Source: Statistics Canada, Farm Tax-filer Statistics

TOTAL INCOME OF CENSUS FARM OPERATORS, 1980

Occupation	Number	Average Income	Total Income
Farming	47,250	$ 14,616	$ 691 million
Non-farming	28,855	$ 22.971	$ 663 million

Source: Statistics Canada, Agriculture-Population Sample Data Base

GROSS FARM SALES/GROSS FARM INCOME

		Under $10,000	$10,000 to $49,999	$50,000 and over	Total
		- $ million -			
Net Farm Income	Census Farm Operators (1980)	13	111	266	392
	Farm Tax-Filers (1982)	-81	11	312	242
	Farm Tax-filers (1983)	-72	18	326	274
Total Income	Census Farm Operators (1980)	561	402	465	1429
	Farm Tax-filers (1982)	1010	588	627	2225
	Farm Tax-filers (1983)	956	607	622	2188

Source: Statistics Canada, Agriculture Population Sample Data Base
Statistics Canada, Farm Tax-filer Statistics, Special Tabulation

CENSUS OF POPULATION, 1980

Population 15 years and over reporting net farm self-employment income: 105,500

Total net farm self-employment income: $576 million

Source: Statistics Canada, Census of Population

Figure 3-2

TOTAL NET FARM INCOME

	Agricultural Income Statistics	Farm Tax-filer Statistics
	- $ million -	
1971	99	320
1972	162	364
1973	239	718
1974	304	721
1975	303	822
1976	248	559
1977	236	662
1978	273	693
1979	307	835
1980	256	775
1981	249	898
1982	242	660
1983	274	830

Source: Statistics Canada, Farm Tax-filer Statistics

Statistics Canada, Farm Income Refence Handbook

Figure 3-2 continued

INCOME OF TAX-FILERS, 1983

	Occupation 'Farmer'	Farm Tax-filers
Number	67,784	114,575
Net Farm Income	$ 6,141	$ 2,389
Wages & Salaries	2,103	9,560
Business Income	152	1,215
Investment & Rental	2,895	4,025
Other	1,728	2,177
Total	$13,018	$19,096

Sources: Revenue Canada, Taxation statistics
Statistics Canada, Farm Tax-filer Statistics

INCOME OF CENSUS FARM OPERATORS, 1980

Number of Operators: 82,450

	Average	Total
Net Farm Income:	$4,753	$392 million
Non-farm Employment Income:	$9,191	$758 million
Other Income:	$3,388	$279 million
Total Income:	$17,332	$1,429 million

Source: Statistics Canada, Agriculture-Population Sample Data Base

SUMMARY OF DATA BASES

	Annual Agricultural (Farm) Income Statistics	Census of Population	Census of Agriculture	Agriculture - Population Sample Data Base	Farm Tax-Filer Statistics	FCC Farm Survey
Year to Year Performance of the industry	X					
Distribution of production, assets, etc. on a farm basis			X			X
Distribution of total individual income		X		X	X	
Distribution of total family income		X		X		
Distribution of family income by source		X		X		
Distribution of individual income by source		X		X	X	
Distribution of family income by intensity of farming activity				X		
Distribution of individual income by intensity of farming activity				X	X	
Balance Sheet						X
Distribution of assets, debts and interest expenses						X

Figure 3-3

CHAPTER 4

AGRICULTURAL RETURNS

This chapter examines the performance of the agricultural industry as a whole over the last twenty years. During this period the industry in Ontario went through four very discernible phases. The first phase, 1966 to 1971, may be described as a period of little or no growth and slowly declining farm incomes. Substantial grain stocks in the United States effectively discouraged agricultural expansion in exporting countries such as Canada. Beginning in 1972 a number of international events, in particular large purchases of grains by the Soviet Union and actions taken by the OPEC nations, led to sharp increases in the prices of natural commodities in general and petroleum and farm products in particular. By 1976 the cost of farming had caught up with returns and profits began to be slowly squeezed, although the prices of farm products (and also input items) continued to increase. The period up to 1981 was one of high inflation in the Canadian economy, with wages and salaries more or less keeping pace with inflation, and sharply rising values for farm land and other real estate. Beginning in 1976 the Canadian dollar began a steady decline in value vis a vis the United States dollar, a slide that has continued into 1986. Inflation in the economy combined with the depreciation of the Canadian dollar contributed to masking the decline in profitability of agriculture in the second half of the 1970s. Beginning in 1981, the inflation rate began to subside (as did the prices of major farm products) but interest rates continued to climb. The first half of the 1980s can be characterized as a period of very high real interest rates concomitant with deflation in both land values and prices of farm commodities. Between 1966 and 1984 the farm debt in Ontario increased five fold from $947 million to $5,225 million.

Some of the indices of the general economic environment and the performance of the agricultural industry are shown in Figures 4-1 to 4-7.

Figure 4-1 is an illustration of the familiar cost-price squeeze. It essentially shows the various cost components of agriculture rising more rapidly than gross income. The 'S' shape of the curves

shows the impact of the high inflation in the economy of the 1970s. Figure 4-2 shows the components of costs and returns as a percentage of gross farm income. Figure 4-2 clearly shows that some of the indicators of performance, namely net value added, return to investment and labour and return to owners' equity and labour have been steadily trending downward. Only in the boom years of 1973, 1974 and 1975 and again in 1984 and 1985 do we see a significant variation from the trend. It is worth noting that only three years (1973 - 1975) in the 1970s can be described as unusually good years for net farm income. The most recent upturn in net-farm income can be attributed largely to a reduction in debt service charges resulting from a drop in interest rates beginning in 1983, as well as government programs to subsidize debt service costs.

TABLE 4 - 1

FINANCIAL INDICATORS OF AGRICULTURAL INDUSTRY IN ONTARIO, 1966 - 1985

	1966 - 70	1971 - 75	1976 - 80	1981 - 85	Change 1966 - 70 to 1981 - 85
Gross Farm Income	100.0	100.0	100.0	100.0	
Inputs Used in Transformation	45.9	45.7	46.4	47.6	+ 1.7
Gross Value Added	54.1	54.3	53.6	52.4	- 1.7
Capital Consumption	9.2	9.9	12.6	12.4	+ 3.2
Net Value Added	44.9	44.4	41.0	40.0	- 4.9
Realty Taxes	2.3	1.2	1.0	0.9	- 1.4
Return to Capital and Labour	42.6	43.2	40.0	39.1	- 3.5
Rent	2.0	1.9	2.4	2.3	+ 0.3
Return to Investment and Labour	40.6	41.1	37.6	36.8	- 3.8
Interest on Debt	4.4	5.3	8.3	10.6	+ 6.2
Wages to Paid Labour	8.2	8.5	8.8	8.2	0.0
Return to Owners' Equity and Labour	28.0	27.7	19.7	18.1	- 9.9

Source: Derived from Table I in Appendix I.

The share of purchased inputs used in transformation, i.e. seed, fertilizer, fuel, livestock, feed, etc. rose from 45.9 cents of the gross income dollar in 1966 -70 to 47.6 cents in 1981 - 85. This change is partly due to sharp increases in prices of petroleum in the 1970s, a steady shift to increasing crop production and also greater and more widespread use of purchased inputs. As a result gross value added declined from 54.1 cents of the gross income dollar in 1966 - 70 to 52.4 cents in 1980 - 85.

The share of capital consumption rose from 9.2 cents of the gross income dollar in 1966 - 70 to 12.4 cents in 1981 - 85. This is the cost attributable to the physical deterioration of machinery and buildings at current market values. The early 1970s saw a great increase in new machinery and buildings in agriculture. Further, the decline in the value of the Canadian dollar vis a vis the U.S. dollar would contribute to raising replacement costs of much farm machinery and thereby the imputed capital consumption. As a result of the much higher capital consumption, the net value added in agriculture declined from 44.9 cents of the gross income dollar in 1966 - 70 to 40.0 cents in 1981 - 85.

The share of realty taxes declined from 2.3 cents of the gross income dollar in 1966 - 70 to 0.9 cents in 1981 - 85. This is almost entirely the result of the Ontario Farm Tax Reduction Program which currently rebates 60% of property taxes to most farmers.

Thus over the period 1966 - 70 to 1981 - 85 the annual return to capital and labour employed in agriculture declined from 42.6 cents of the sales dollar to 39.1 cents. The distribution of the return to capital and labour has changed substantially over the period 1966 to 1985.

The share of returns going to rent, i.e. farm land rental, went up from 2.0 cents per gross income dollar to 2.3 cents. In 1966 rented farm land represented 13% of the total acreage of census farms. In 1981, rented farm land represented 24% of the total acreage of census farms. The acreage of rented land increased from 2,318,430 acres in 1966 to 3,571,297 acres in 1981.

Share of interest on farm debt rose from 4.4 cents of the gross income dollar in 1966-70 to 10.6 cents of the gross income dollar in 1981 - 85. In 1966, farm debt represented approximately 19% of the market value of the census farms. In 1981, farm debt represented 15% of the estimated market value of the census farms. However, the magnitude of the debt itself went up from approximately $947 million in 1966 to $4,773 million in 1981 and $5,225 million in 1984. The reason for this seeming anomaly is that the value of farm assets, in particular land, rose very steeply over the period to offset the rising farm debt. The index of farm land values went up from 100 in 1966 to 783 in 1981, subsequently declining to 700 in 1984. It is worth pointing out that the actual acreage owned by census farm operators declined from 15,507,615 acres to 11,351,995 acres for a drop of 26.8%. Thus, when considered in terms of market values of farm assets, the sharp rise in farm debt is not out of line with historical patterns. This is shown in Figure 4-3. Throughout the period up until 1981, equity increased, declining only after 1981 as a result of drop in land values. In an industry where lending and borrowing are based on equity criteria, the sharp increase in farm debt does not appear to be abnormal.

However, the ability of the industry to service the debt came under increasing pressure from 1976 onward. This is shown in Figures 4-4 and 4-5. It is worth pointing out that the physical volume of agricultural production increased more rapidly between 1976 and 1980 than in any other four year period in the last two decades. However, the increase in production has not been sufficient to arrest the steady erosion of net returns as a percentage of gross income.

Net farm income, i.e. the return to owners' equity and labour has dropped from 28.0 cents per gross income dollar in 1966 -70 to 18.1 cents per gross farm dollar in 1981 - 85. This squeezing of net returns has exposed many more farmers (particularly those with low equity and those with less than average management ability) to realizing negative net returns. The statistics would suggest that the squeeze began in 1976. However, because of rising land values many farm operations were able to borrow against their

asset value increases to cover their operating losses. But with the leveling and decline in land values beginning in 1981, the opportunity to continue on that course was effectively closed.

In terms of constant dollars net farm income has shown considerable deterioration since the peak years of 1973 - 1975. This is shown in 5 year blocks below.

	1966 - 70	1971 - 75	1976 - 80	1981 -85
	(millions of 1971 $)			
Net Farm Income	425	495	397	340
Interest Payments	73	93	164	204
Total	498	588	561	544

It must be recognized that the number of farms in Ontario declined from 109,887 census farms in 1966 to 82,448 in 1981 for a drop of 25%. This would suggest that net income on a per farm basis has not deteriorated to the same extent as for the industry as a whole. Such an inference would be simplistic in the light of the structural changes that have taken place in the industry over the years. Over the years an increasing proportion of the total production has come to be concentrated on commercial scale farms suggesting that a greater portion of agricultural income is flowing to commercial farm operations. On the other hand, almost all the farm debt is also owed by the commercial scale farms suggesting that almost all the interest costs (not to mention the scheduled principal repayments) are also being borne by the commercial scale farm operations. Even within the category of commercial scale farm operations, the debt is not equally distributed. The debt distribution is shown in Tables 4-2 and 4-3. The steep increase in interest costs over the past decade has contributed to a greater divergence of net income between high equity farm operations and low equity farm operations.

Thus, while modest price improvements together with deficiency payments under various stabilization programs may help to stabilize or even improve net returns to high equity farm operations (equity greater than 80%), for the low equity operations (equity less than 60%) they will not be able to arrest further financial deterioration.

TABLE 4 - 2
DISTRIBUTION OF ONTARIO FARMS
BY EQUITY AND NET WORTH, SALES OVER $26,500

Estimated Number of Farms

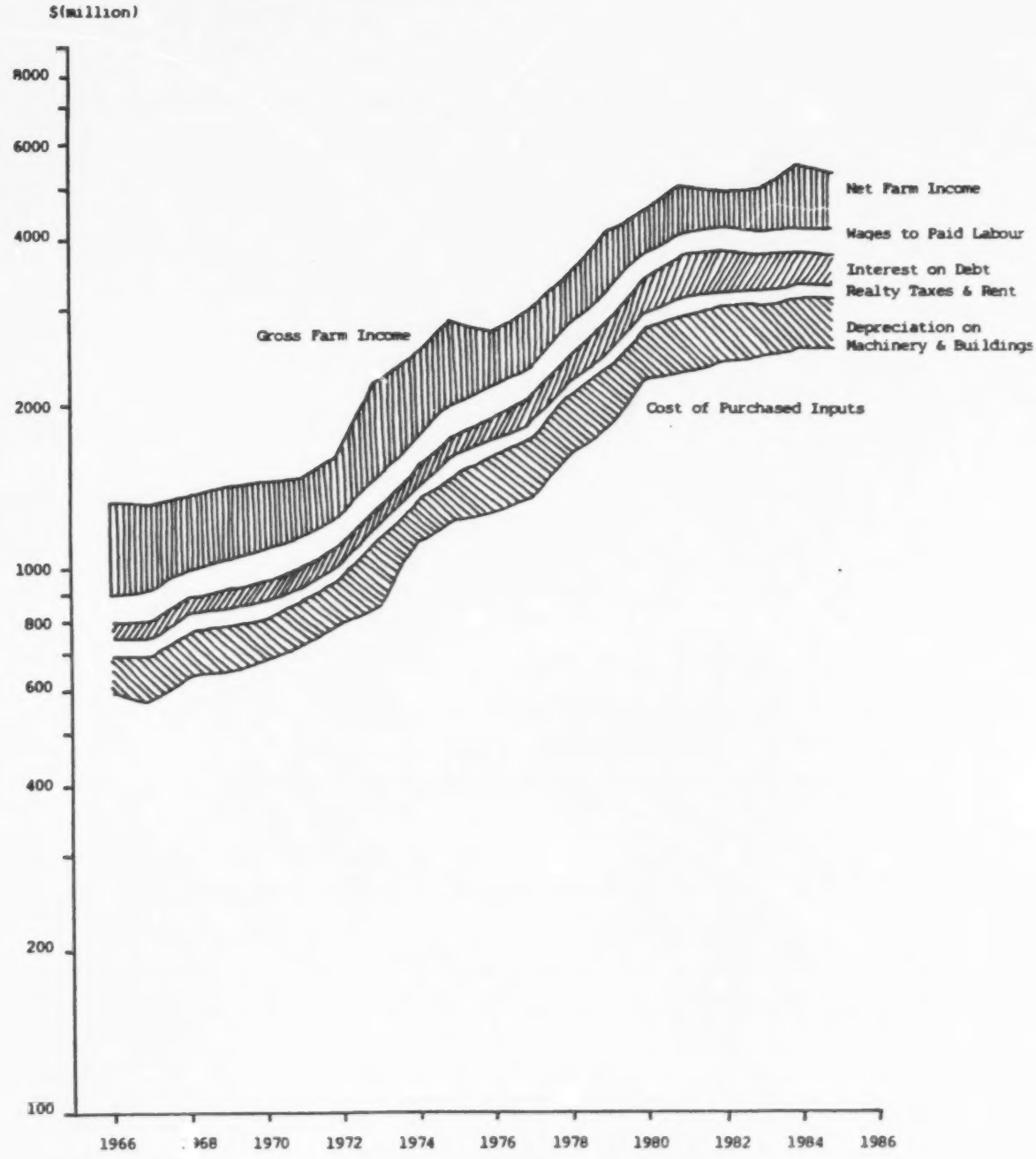
Equity (%)	Net Worth ($000)							
	LT 0	0-100	100-200	200-300	300-400	400-500	GT 500	Total
LT 0	502							502
0-20		1156	30					1186
20-40		802	978	148	158	120	49	2255
40-60		906	1434	1363	470	295	726	5194
60-80		60	1320	878	967	745	2091	6061
80-100		187	1502	2792	3709	3036	8369	19595
Total	502	3111	5264	5181	5304	4196	11235	34793

Source: Farm Credit Corporation, Farm Survey, January 1984, Special Tabulation.

TABLE 4 - 3
DISTRIBUTION OF ONTARIO FARMS BY
EQUITY AND NET WORTH, SALES $2,000 to $26,500

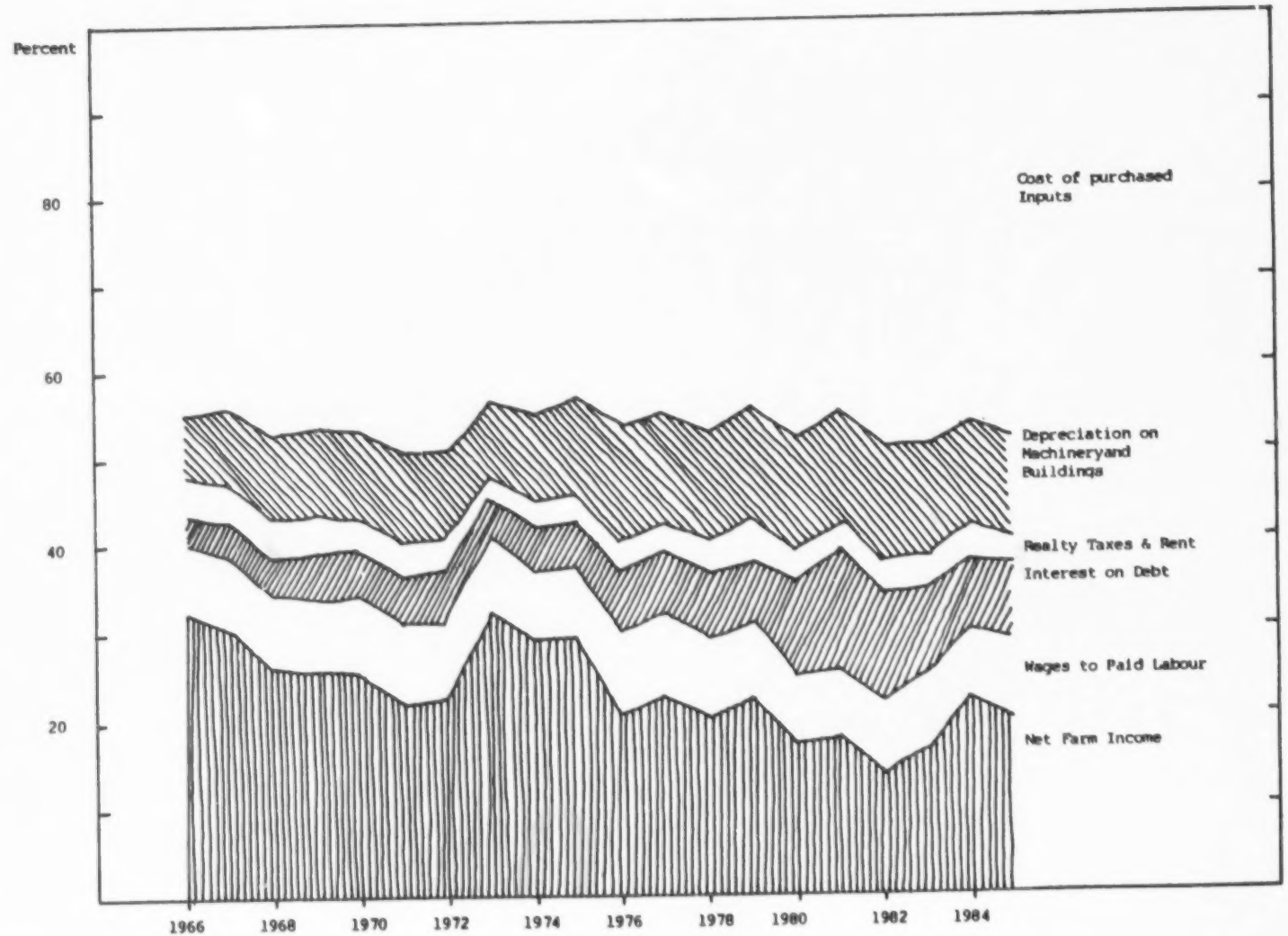
Equity (%)	Net Worth ($000)							
	LT 0	0-100	100-200	200-300	300-400	400-500	GT 500	Total
LT 0	60							60
0-20		198						198
20-40		616						616
40-60		1040	198		60			1298
60-80		750	343	542				1635
80-100		4060	8785	3196	2139	399	816	19395
Total	60	6664	9326	3738	2199	399	816	23202

Source: Farm Credit Corporation, Farm Survey, January 1984, Special Tabulation



AGRICULTURAL INCOME IN ONTARIO, 1966 - 1985

Figure 4 - 1



DISTRIBUTION OF GROSS AGRICULTURAL INCOME TO

VARIOUS FACTORS OF PRODUCTION IN ONTARIO, 1966 - 1985

Figure 4 - 2

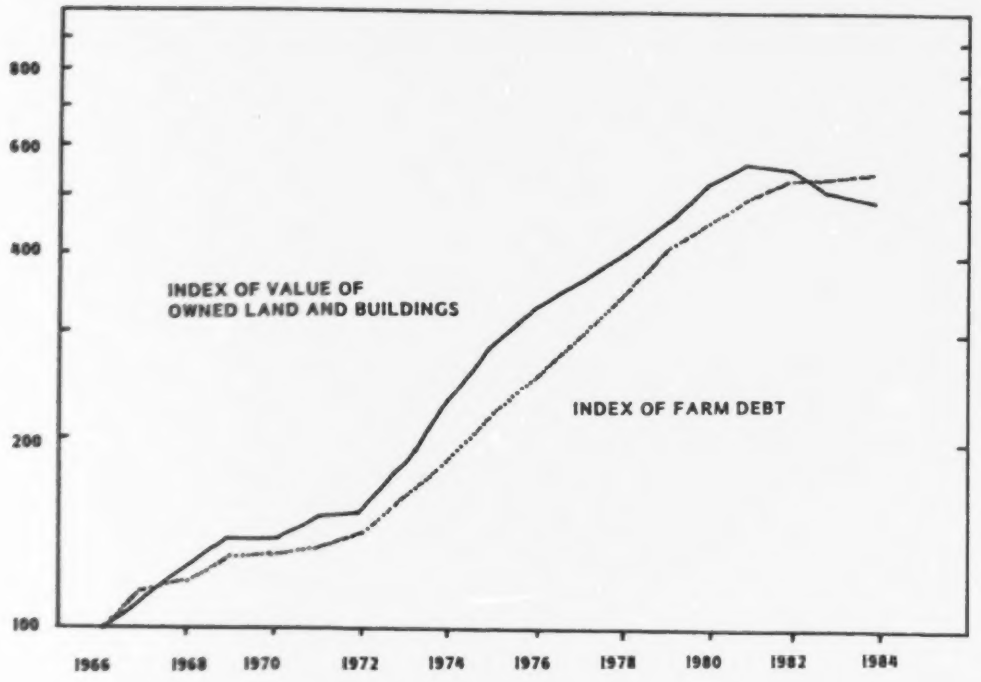
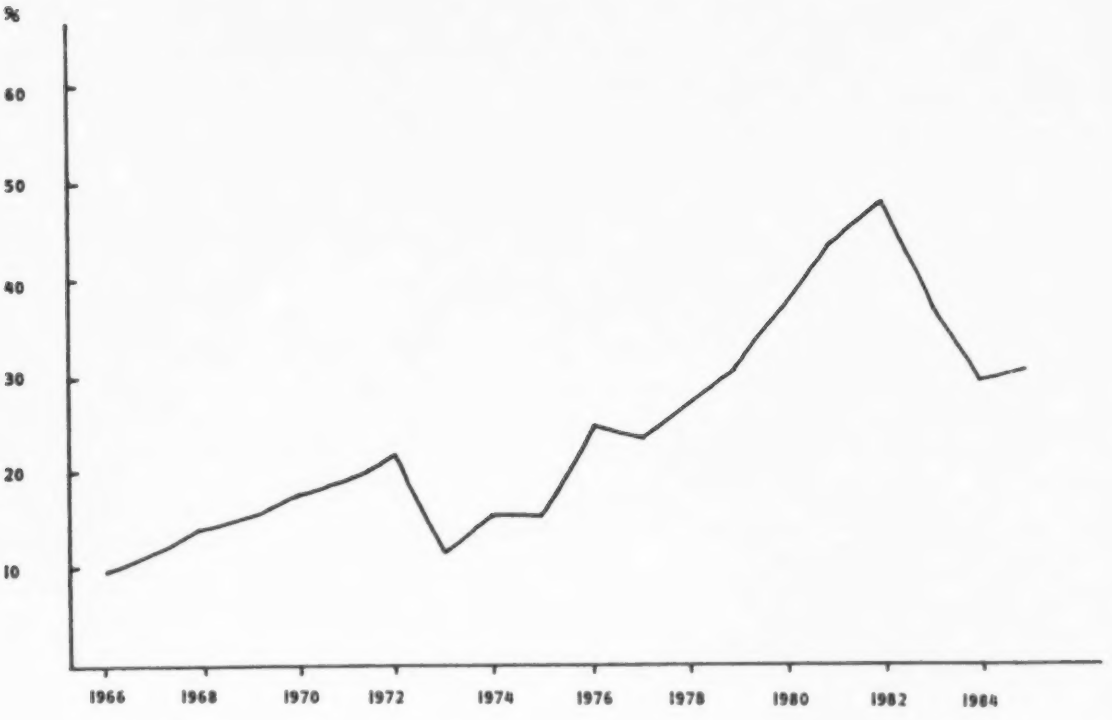

800
600
400
200
100
INDEX OF VALUE OF
OWNED LAND AND BUILDINGS
INDEX OF FARM DEBT
1966
1968
1970
1972
1974
1976
1978
1980
1982
1984

Figure 4 - 3



INTEREST COST AS A PERCENTAGE OF NET FARM INCOME PLUS INTEREST COST, ONTARIO

Figure 4 - 4

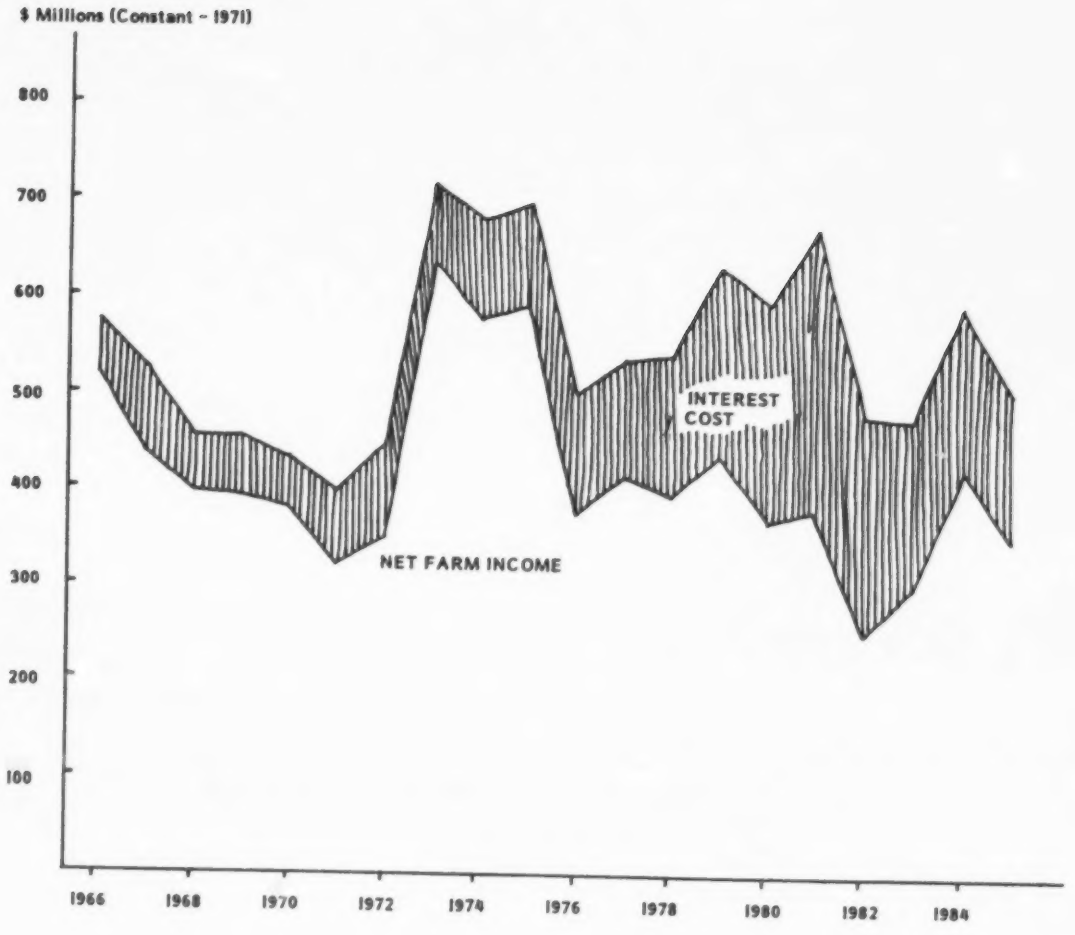
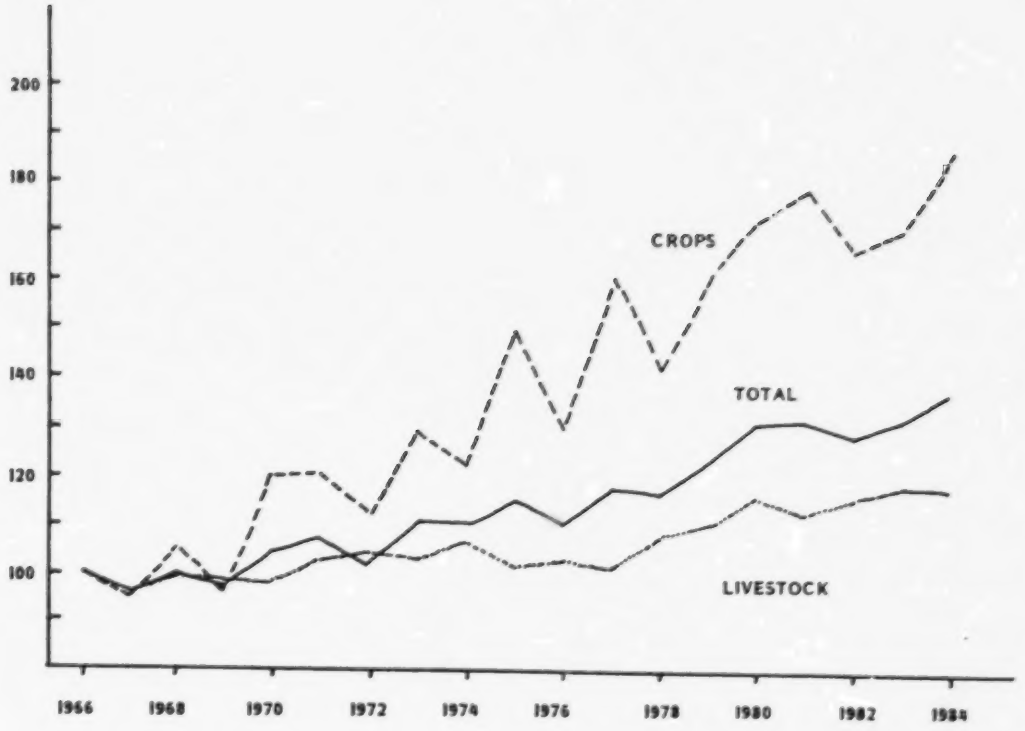
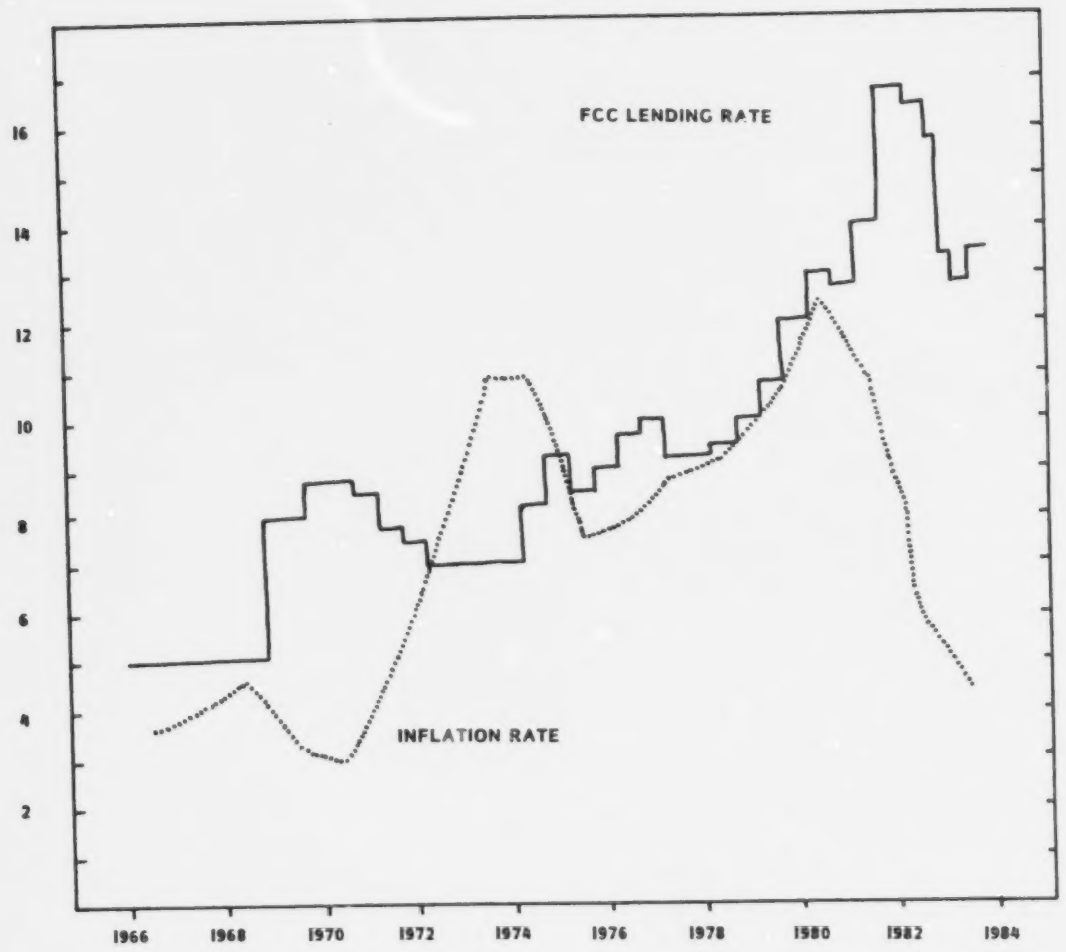

$ Millions (Constant - 1971)
800
700
600
500
400
300
200
100
INTEREST COST
NET FARM INCOME
1966
1968
1970
1972
1974
1976
1978
1980
1982
1984

Figure 4 - 5



INDEX OF FARM PRODUCTION (1966 = 100) IN ONTARIO

Figure 4 - 6



FCC LENDING RATE AND INFLATION RATE IN CANADA

Figure 4 - 7

CHAPTER 5

INCOMES OF FARMERS

We have seen how the structural changes in agriculture have resulted in increased concentration of agricultural capital and production on what we have called commercial scale farms. The large group of farm operations that are non-commercial are the most stable in terms of numbers. The middle group, namely quasi-commercial farms, have substantially declined in numbers and even more in their share of agricultural production. We have also seen how the changes of the last twenty years, more particularly since 1971, affected the share of total agricultural income going to different factors of production.

These changes have significantly altered the distribution of agricultural income among farmers. They have also altered the contribution of various sources of income to the total income of farmers. This chapter examines the impact of these changes on the income structure of farmers.

Farmers derive income from several sources:

(1) Income from farming.
(2) Income from non-farm employment. This can consist of either wages and salaries or income from operating a non-farm business.
(3) Income from investments including rental income.
(4) Pension income and general transfers such as family allowances, unemployment insurance payments, old age security and alimony.
(5) Net gains from the sale of capital assets.

The level of total income and the contribution of each source to the total income of the farm operator depends on a number of factors, the chief of which are listed below:

(1) The scale of the farming operation
(2) Type of enterprise
(3) Variations in returns to agriculture
(4) Ability to earn income through non-farm employment
(5) Wealth, whether it be equity in the farm business or investments outside the farm business.
(6) Age, as pension income is a significant contributor to the incomes of senior farmers.

In this chapter we examine in detail the income distribution among farmers as well as their sources of income. In particular we look at how the changes in the industry during the 1970s have affected the income structure of farm operators.

Farm Focus vs Non-farm focus: As has been pointed out earlier, not all farm operators are necessarily 'farm focused'. The indicator of focus of the operator employed in this examination is the stated occupation of the operator volunteered for the Census of Population.

A major distinction between farm operators according to stated occupation is the extent of dependence on farming for their incomes. Among 'farmers', 55.5 percent derived more than half their income from farming while among 'non-farmers' only 4% derived more than half their income from farming. Between 20 and 28 per cent of 'farmers' reported negative farm incomes while nearly two-thirds of 'non-farmers' reported negative farm incomes. Even more interesting, these patterns are consistent across sales categories and the pattern has changed very little from 1970 to 1980. These distributions are presented in Table 5-1.

The opportunity to earn income outside the farm is to an extent dependent on the labour intensity of the type of farm enterprise. Together with this goes self-identification. Thus, among dairy farmers (a labour intensive type of farming) 85 percent identified themselves as 'farmers', 85 percent of whom reported a positive income from farming, 78 percent of whom reported deriving 75 percent or more of their income from the farm. In contrast, among cattle farmers (an enterprise that lends itself to part-time farming

TABLE 5-1

PERCENTAGE DISTRIBUTION OF CENSUS FARM OPERATORS BY STATED OCCUPATION, VALUE OF AGRICULTURAL PRODUCTS SOLD AND PERCENT OF TOTAL INCOME DERIVED FROM FARMING, ONTARIO

		VALUE OF AGRICULTURAL PRODUCTS SOLD									
		TOTAL		Under $10,000		$10,000 to $49,999		$50,000 to $99,999		$100,000 and over	
		Farmer	Non-Farmer	Farmer	Non-Farmer	Farmer	Non-Farmer	Farmer	Non-Farmer	Farmer	Non-Farmer
Total Operators		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Operators Reporting Positive Total Income	1970	92.0	98.1	92.0	98.6	92.4	97.2	92.2	95.9	89.7	95.5
	1980	91.5	98.0	93.2	98.8	91.9	97.1	91.6	94.2	89.5	94.9
Percent of Total Income From Farming											
Zero or Negative	1970	19.2	65.3	31.3	70.4	16.3	53.3	12.5	55.2	21.2	68.8
	1980	19.9	63.1	36.3	67.0	18.8	54.5	10.9	53.4	16.8	63.1
Under 25%	1970	8.0	19.9	14.2	19.8	7.3	20.4	4.7	13.6	4.0	7.1
	1980	8.1	24.2	19.0	25.8	8.5	22.9	3.6	15.9	3.0	11.5
25 - 49%	1970	8.3	7.5	12.6	5.3	8.6	12.7	5.3	12.2	4.4	8.9
	1980	8.0	6.8	11.4	4.3	9.9	12.1	5.8	13.9	4.6	8.9
50 - 74%	1970	9.9	2.9	10.3	1.4	11.2	6.3	7.9	6.8	7.1	3.6
	1980	10.6	2.1	7.9	0.9	13.9	4.7	9.8	4.3	8.9	2.5
75 - 100%	1970	46.6	2.8	23.6	1.7	49.1	4.6	61.7	8.1	53.0	7.1
	1980	44.9	1.9	18.5	0.9	40.9	2.9	61.6	7.2	56.2	8.9
Operators Reporting Negative or Zero Total Income	1970	8.0	1.9	8.0	1.4	7.6	2.8	7.8	4.1	10.3	4.5
	1980	8.5	2.0	6.8	1.2	8.1	2.9	8.4	5.8	10.5	5.1

Source: Statistics Canada, Agriculture - Population Sample Data Base

except when carried out on a large scale) 41 percent identified themselves as 'non-farmers', 38 percent of whom reported a positive income from farming and only 9 percent of whom reported deriving 75 percent or more of their income from farming. However, in every enterprise type, 'farmers' are much more likely to make a profit from farming as 'non-farmers' and among the profit makers, much more likely to derive the greater portion of their income from farming than from other sources. These statistics are detailed in Appendix III, Tables 1 and 2.

On average, 'non-farmers' enjoy higher total incomes (from all sources) than 'farmers'. Further, the average total income of 'non-farmers' increased by 39 percent (in 1980 dollars) while the average total income of 'farmers' increased by only 25 percent. These details are presented in Table 5-2. We also note that in the period 1971 - 1981 there has been a significant leveling tendency. Farm operators with the lower gross sales on average experienced the highest increase in total income.

TABLE 5 - 2

AVERAGE TOTAL INCOME BY STATED OCCUPATION

Value of Agricultural Products Sold	FARMERS 1970	FARMERS 1980	Change	NON FARMERS 1970	NON FARMERS 1980	Change
Under $10,000	$ 7,522	$ 9,745	29.6%	$16,092	$22,359	38.9%
$10,000 to $49,999	10,184	12,896	26.6	16,515	23,361	41.5
$50,000 to $99,999	15,892	17,288	8.8	21,125	26,062	23.4
$100,000 and over	19,352	18,409	-4.9	27,209	30,039	10.4
Total Average	$11,688	$14,616	25.1%	$16,591	$22,971	38.5%
Number of Operators	55,090	47,250	-14.2%	30,225	28,855	-4.5%
Total Income ($millions)	644	691	7.2%	501	633	32.3%

Note: Income and Sales figures have been adjusted for inflation and are reported in 1980 dollars.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

DISTRIBUTION OF TOTAL INCOME

The distribution of operators by total income according to gross sales is shown in Table 5-3.

TABLE 5 - 3
CENSUS FARM OPERATORS BY VALUE OF AGRICULTURAL PRODUCTS SOLD* AND TOTAL INCOME*, ONTARIO

		Value of Agricultural Products Sold			
		Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
Number of Operators	1970	38,345	37,025	13,330	6,220
	1980	32,480	24,960	12,360	12,645
Average Income ($)	1970	12,269	11,477	16,092	19,976
	1980	17,264	16,103	18,044	19,171
Percent Reporting:					
Negative or Zero Income	1970	4.15	6.71	7.69	10.13
	1980	3.25	6.37	8.25	10.20
Under $5,000	1970	23.37	22.90	13.02	9.41
	1980	12.59	11.78	10.23	8.15
$5,000 to $9,999	1970	21.79	27.77	23.29	15.78
	1980	19.37	23.08	22.61	19.34
$10,000 to $24,999	1970	42.08	32.49	39.46	40.43
	1980	43.80	38.14	36.53	36.54
$25,000 and over	1970	8.59	10.11	16.58	24.20
	1980	20.98	20.63	22.37	25.78

*Income and Sales have been adjusted for price changes and are reported in 1980 dollars.

Source: Statistics Canada, Agriculture - Population Sample Data Base

We see from Table 5-3 that the greatest increase in operator total income has accrued to operators of non-commercial and quasi-commercial farms. It should however be kept in mind that whereas the numbers of non-commercial and quasi-commercial operators decreased in the period 1971 - 1981, the numbers of commercial operators increased substantially.

If we arbitrarily define income under $10,000 as low, income from $10,000 to $24,999 as middle and income of $25,000 and above as high, the distribution of operators according to income is shown in Table 5-4 below.

TABLE 5 - 4

NUMBER OF CENSUS FARM OPERATORS ACCORDING TO TOTAL INCOME IN ONTARIO, 1970 AND 1980

			Value of Agricultural Products Sold			
		All Operators	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
Low Income	1970	48,220	18,905	21,245	5,865	2,195
	1980	31,565	11,435	10,290	5,080	4,765
	Change	-35%	-40%	-52%	-13%	+117%
Middle Income	1970	35,940	16,135	12,030	5,260	2,515
	1980	32,890	14,225	9,520	4,515	4,620
	Change	-8%	-12%	-21%	-14%	+84%
High Income	1970	10,760	3,295	3,745	2,210	1,505
	1980	17,995	6,815	5,150	2,765	3,260
	Change	+67%	+107%	+38%	+25%	+117%

Source: Statistics Canada, Agriculture - Population Sample Data Base

Clearly the shift to commercialization has been a mixed blessing to the participants. While the numbers of highly commercial (sales of $100,000 and over) reporting a high income increased by 117%, the numbers reporting a low income also increased by 117%. We also note that as the value of agricultural products sold increases, a greater proportion of operators report negative or zero total income. In effect, the developments of the 1970s has shifted the burden of low income from the non-commercial and quasi-commercial farmers to the commercial farmers.

DISTRIBUTION OF INCOME BY SOURCE

We next examine the distribution of total income by source. As has been noted earlier, a substantial number of farm operators report negative or zero income from farming. However, only a minority report negative or zero total income. The distribution of operators according to sources of income is presented in Table 5-5 and Table 5-6. We note that between 1971 and 1981, whereas the non-commercial and quasi-commercial operators reduced their dependence on income from farming, the commercial operators increased their dependence on income from farming. The change in the extent of this dependence in aggregate terms is shown in Table 5-7. This change in degree of dependence has a significant effect on income disparity within each sales category. As well, it has affected the extent of exposure to factors affecting farm income.

Among commercial farmers, income from farming increased substantially, but at the same time the extent of losses increased even more. The distribution of farm profits and losses is shown in Table 5-8. We note that among commercial farm operators there has been a considerable shift in the numbers from the centre to the extremes. Thus within the category of commercial farmers, some have improved their incomes well above the average, while the losses have also been wider and deeper.

A measure of this loss is the aggregate losses of those reporting total negative income. This is shown in Table 5-9.

TABLE 5 - 5

DISTRIBUTION OF CENSUS FARM OPERATORS BY SOURCES OF INCOME

	Under $10,000		$10,000-49,999		$50,000-99,999		$100,000 and over	
	1970	1980	1970	1980	1970	1980	1970	1980
Total Operators	38,345	32,480	37,025	24,960	13,330	12,360	6,220	12,645
Reporting Positive Farm Income (%)	41.0	39.7	67.9	62.7	80.5	76.5	63.1	69.4
Reporting Positive Non-Farm Employment Income (%)	70.3	69.2	43.3	48.2	29.6	25.2	37.5	29.5
Reporting Positive Other Income (%)	82.2	82.7	81.7	77.9	86.3	77.5	88.0	78.7
Reporting Positive Total Income (%)	95.8	96.8	93.3	93.6	92.3	91.7	89.9	89.8
BIAS IN REPORTING (%)	0.0	0.2	0.2	0.7	0.5	1.1	3.7	6.4

Note: The percentage of operators reporting positive farm income and positive non-farm employment income is biased because of mixed reporting by operators of incorporated farms. Assuming that incorporated farms had the same pattern of income sources as unincorporated farms, the bias represents the extent of understatement of operators reporting positive farm income and correspondingly the overstatement of operators reporting positive non-farm employment income.

Source: Statistics Canada, Agriculture - Population Sample Data Base

TABLE 5 - 6

DISTRIBUTION OF CENSUS FARM OPERATORS BY POSITIVE AND NEGATIVE FARM AND TOTAL INCOME

Operators Reporting			Value of Agricultural Products Sold: Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
			- p e r c e n t -			
	Positive Farm Income	1971	41.0	67.9	74.6	63.1
Positive		1981	39.6	62.6	76.5	69.4
Total Income	Zero or Negative					
	Farm Income	1971	54.9	25.4	17.7	26.8
		1981	57.1	31.0	15.2	20.4
	Positive Farm Income	1971	0.0	0.0	0.0	0.0
Zero or Negative		1981	0.1	0.0	0.0	0.0
Total Income	Zero or Negative	1971	4.1	6.7	7.7	10.1
	Farm Income	1981	3.1	6.3	8.3	10.2

Note: The percentages are biased in the following manner: There is a downward bias in the number of operators reporting positive farm income, i.e. the actual number realizing profits from farming is slightly greater than shown. Similarly, there is an upward bias in the number of operators reporting zero farm income. Further, this bias is greater for higher value of products sold. This bias results from the mixed reporting for farm and non-farm employment income by operators of incorporated farms.

Source: Statistics Canada, Agriculture - Population Sample Data Base

TABLE 5 - 7

TOTAL INCOME BY SOURCE OF CENSUS FARM OPERATORS IN ONTARIO

			Value of Agricultural Products Sold			
		All Operators	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
Number of Operators	1970	94,920	38,345	37,025	13,330	6,220
	1980	82,450	32,480	24,960	12,360	12,645
Positive Farm Income ($million)	1970	445	57	185	129	73
	1980	531	50	150	152	178
Positive Non-farm Employment Income ($million)	1970	719	377	214	77	51
	1980	758	428	203	57	69
Positive Other Income ($million)	1970	171	77	59	21	14
	1980	279	119	88	36	36
Total Losses ($million)	1970	-100	-40	-33	-13	-14
	1980	-139	-37	-39	-23	-41
Total Income ($million)	1970	1,234	470	425	215	124
	1980	1,429	561	402	223	242
Net Farm Income ($million)*	1970	345	17	152	116	59
	1980	392	13	111	129	137

*Assumes that Total Losses = Farm Losses

Note: Not corrected for bias resulting from mixed reporting by operators of incorporated farms. Income and Sales data are corrected for price movements and are reported in 1980 dollars.

Source: Statistics Canada, Agriculture - Population Sample Data Base

TABLE 5 - 8
DISTRIBUTION OF FARMING INCOME IN ONTARIO

Net Farm Income		Value of Agricultural Products Sold: Under $10,000	$10,000 to $49,999	$50,000 and over
		- percent -		
Loss Over $5,000	1971	6.7	5.5	6.4
	1981	6.8	9.9	8.9
Loss $2,500 to $4,999	1971	7.2	4.1	2.6
	1981	8.5	4.6	1.9
Loss Under $2,500	1971	13.5	7.4	2.8
	1981	10.7	6.4	2.0
Zero	1971	31.5	15.1	17.3
	1981	34.3	16.4	14.3
Profit Under $5,000	1971	32.1	32.3	14.2
	1981	29.7	22.8	12.2
Profit $5,000 to $9,999	1971	6.7	20.9	21.1
	1981	7.5	20.1	20.5
Profit $10,000 to $19,999	1971	1.8	10.8	21.9
	1981	1.9	13.4	20.3
Profit $20,000 and over	1971	0.6	3.9	13.7
	1981	0.8	6.4	20.0

Note: Not corrected for bias resulting from mixed reporting by operators of unincorporated farms. Sales and income figures have been adjusted for inflation and are given in 1980 dollars.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

TABLE 5 - 9
AGGREGATE LOSS OF CENSUS FARM OPERATORS REPORTING NEGATIVE TOTAL INCOME, ONTARIO

	Value of Agricultural Products Sold: Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
		- $ millions -		
1970	6	12	8	10
1980	6	15	15	35

FARM TAX-FILER RETURNS

Farmers as a whole receive income from several sources. These can be classified into four broad categories:

(1) Income from farming
(2) Income from non-farm employment
(3) Income from investments
(4) Income from other sources

Not all farmers receive income from each source. We have seen that non-farm income contributes more than farming income to the total income of non-commercial and quasi-commercial farm operators. On the other hand, income from farming is the major contributor to the total income of commercial farm operators. However, regardless of the scale of the farm operation, a significant number of farmers receive income from more than one source. In this section we examine how many farmers receive income from various sources and how the pattern of income sources affects the total income by source.

For this examination we turn to the farm tax-filer statistics. As has been pointed out, the farm tax-filer statistics do not include corporate farms. Also, whereas there is only one principal operator per census farm, there could be two or more farm tax-filers per census farm. In addition, some farm tax-filers may have no connection to a census farm. These differences have been alluded to in Chapter 3.

Table 5-10 gives an approximate measure of the double counting in tax-filer statistics.

TABLE 5 - 10

	Sales/Gross Farm Income		
	Under $10,000	$10,000 to $49,999	$50,000 and over
Census Farms (1981)	32,480	24,960	25,005
Total Sales ($ million)	118	623	3,916
Percent Unincorporated	98.8	98.1	91.7
Farm Tax-filers (1982)	43,935	33,320	39,420
Total Gross Farm Income ($ million)	160	817	6,036
Tax-filers/Census Farms (Unincorp.)	1.37	1.36	1.72
Gross Farm Income/Sales (Unincorp.)	1.37	1.34	1.68

One explanation of the larger ratio of farm tax-filers to census farms in the high sales category is that a greater proportion of the larger farms are operated as joint ventures including substantial participation by members of the operator's family. A measure of this is given in Table 5-11.

TABLE 5 - 11

	Sales in 1980		
	Under $10,000	$10,000 to $49,999	$50,000 and over
Unincorporated Census Farm Operators	32,090	24,486	22,930
Non operator persons 15 and over, living on farms and classified as unpaid family or self-employed workers	4,595	7,220	12,295
Total	36,685	31,706	35,225
Farm Tax-filers (1982)	43,935	33,320	39,420
Percent Difference	+20	+5	+12

It should be pointed out that Table 5-11 is a very rough measure of reconciling the discrepancy between the numbers of census farms and farm tax-filers. It nonetheless serves to point out the large number of farm tax filers whose operations are too marginal (sales under $250) to be included in the Census of Agriculture.

In this section, farm tax-filer statistics for 1983 are analyzed in detail according to sources of income and age of tax-filer. Further we attempt to reconcile the income reported by farmers for the Census of Population, with the income reported by farm tax-filers.

In 1983 there were, as reported by Statistics Canada, an estimated 114,575 farm tax-filers in Ontario. The number of farm tax-filers reporting income from various sources was as follows:

Non-farm Employment:	Wages and Salaries	51,090	44.6%
	Business Income	11,114	9.7%
Investment:	Rental Income	12,947	11.3%
	Other Investments	87,192	76.1%
Other Off-farm:	Pensions, Allowances, etc.	71,037	62%

The total income of all the farm tax-filers in 1983 was $2,187,923,000 and the average per tax-filer was $19,096.

Income from farming contributed only 12.5% to the total income of farm tax-filers, well behind wage income and investment income.

Income Source	Total Income ($000)	Percent
Net Farm	273,721	12.5
Other Off-farm	242,555	11.1
Investment	423,125	19.3
Rental	7,103	0.3
Business	139,208	6.4
Wages and Salaries	1,095,337	50.1

Needless to say, not all farm tax-filers shared the total income equally or in the same proportions by source. The income of the individual tax-filer depends on several factors — scale of the farming operation, extent of off-farm work, wealth and age. It should be noted that the above mentioned factors are to a large extent mutually related. Thus tax-filers with low gross-farm incomes would tend to report proportionately high incomes from non-farm employment. Older tax-filers would be more likely to be wealthy than younger tax-filers and thus a progressive increase in investment income with age.

For our analysis farm tax-filers have been divided into four categories as follows:

Tax-filers reporting Non-farm Employment Income	Serves as an indicator of whether the tax-filer is 'farm focused' or 'non-farm' focused. There were 57,935 farm tax-filers in this category.
Tax-filers reporting Investment Income but not Non-farm Employment Income	Serves as an indicator of the wealth of the tax-filer and indirectly his/her equity in the farm business. There were 44,045 farm tax-filers in this category.
Tax-filers reporting Farm Income and Other Off-farm Income only	This group would consist of mostly younger tax-filers who have no non-farm investments and indirectly low equity, or spouses of established farmers. There were 6,165 farm tax-filers in this category.
Tax-filers reporting Farm Income only	These are mainly younger individuals farming in partnership with another farmer. There were 6,430 farm tax-filers in this category.

Tax-filer income is shown diagramatically in Figure 5-1 to 5-6. Table 5-16 provides an explanation of Figures 5-1 to 5-6. Detailed statistics are in Appendix IV. Table 5-12 provides a measure of the degreee of representation of each of the four categories of farm tax-filers according to gross farm income. In Table 5-12 a degree of representation greater than 1.00 would mean under-representation. Clearly, tax-filers reporting non-farm employment income are over-represented in the non-commercial and quasi-commercial scales of farming and under-represented in the commercial scales of farming. Tax-filers who do not report non-farm employment income are under-represented in the non-commercial and quasi-commercial scales of farming and over-represented in the commercial scales of farming.

TABLE 5 - 12

DEGREE OF REPRESENTATION BY SOURCES
OF INCOME AND SCALE OF FARMING

Farm tax-filers reporting	Gross Farm Income Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
Non-Farm Employment Income	1.48	1.32	1.19	0.97	0.58	0.41
Investment Income but not Non-farm Employment Income	0.58	0.72	0.86	1.07	1.37	1.46
Farm Income and Other Off-farm Income only	0.31	0.39	0.53	0.76	1.56	2.26
Farm Income only	0.24	0.62	0.66	0.99	1.65	1.95

Table 5-12 would suggest that participation in non-farm employment is very much a function of the scale of the farming operation.

Non-commercial farmers have on average more time to take up off-farm work while highly commercial farmers on average have less time for off-farm work. However, we do note that a significant number of commercial farm tax-filers (25%) have non-farm employment income and similarly a significant minority of non-commercial farm tax-filers (28%) do not have non-farm employment income.

Our analysis of the data presented in Figures 5-1 to 5-6 suggest some very definite income patterns. In particular it is worth comparing the incomes of tax-filers reporting non-farm employment income with those of tax-filers reporting investment income but not non-farm employment income. These are not only the two largest groups but also the most clearly defined. This comparison is shown in Table 5-13.

Tax-filers with non-farm employment on average report much lower income from farming than tax-filers without non-farm employment for every level of gross farm income. There are a number of reasons why this may be so — (i) they may be employing more paid labour to replace self-labour, (ii) income splitting within the family, and (iii) they may be employing various farm taxation allowances in order to minimize taxable income. More than three-quarters of the tax-filers reporting non-farm employment also report income from investments. Further, for these individuals investment income increases with the scale of the farm operation thereby indicating a proportionate increase in wealth. These would suggest that only a minority of farm tax-filers take up off-farm employment in order to build equity in their farm businesses. For this minority, there is no doubt that off-farm employment may be a necessity to the establishment of their businesses. However, our analysis shows that non-farm employment, far from being a transitional phenomenon, is a permanent feature of farming by choice. This is further substantiated by the extent of participation in off-farm work across all age groups up to 65 years.

TABLE 5-13

Farm Tax-Filers Reporting	Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 $99,999	$100,000 and over
NON-FARM EMPLOYMENT INCOME:						
Average Net Farm Income	-2,144	-2,133	-2,058	-1,410	1,222	3,602
Average Non-Farm Employment Income	25,074	22,338	21,860	18,683	13,847	12,794
Average Investment Income	2,925	2,781	3,104	3,322	3,447	5,029
Average Income	2,368	2,343	2,107	1,937	1,519	1,891
Average Total Income	28,222	25,329	25,013	22,533	20,035	23,315
Percent Reporting Investment Income	74 - 89	76 - 88	78 - 89	78 - 89	75 - 86	75 - 87
Average Investment Income of those Reporting	(3,283-3,965)	(3,662-3,662)	(3,475-3,968)	(3,743-4,255)	(4,011-4,592)	(5,789-6,663)
Percent Reporting Other Income	67	67	67	65	63	61
Average Other Income of those Reporting	3,534	3,474	3,160	2,979	2,414	3,084
INVESTMENT INCOME BUT NOT NON-FARM EMPLOYMENT INCOME:						
Average Net Farm Income	-1,320	-24	1,469	4,429	9,389	13,210
Average Investment Income	8,555	7,642	7,122	5,865	4,108	3,574
Average Other Off-Farm Income	5,807	4,332	3,628	2,281	1,248	1,068
Average Total Income	13,042	11,950	12,219	12,576	14,745	17,851
Percent Reporting Other Off-Farm Income	82	72	64	54	52	56
Average Other Off-Farm Income of those Reporting	7,120	6,040	5,654	4,263	2,390	1,892

Source: See Appendix IV

Of the tax-filers reporting non-farm employment income the proportion reporting other off-farm income is fairly constant across the scale of gross farm income. The income reported from this source is also fairly invariant with gross farm income. These would suggest that among tax-filers reporting non-farm employment income, there is little difference in average age between gross farm income categories.

For tax-filers not reporting non-farm employment income, the average investment income shows a strong downward trend with the scale of farming. This is in contrast with the average investment income reported by tax-filers reporting non-farm employment income. Further, among tax-filers not reporting non-farm employment income, the percentage reporting other off-farm income, as well as the average other off-farm income, show a strong downward trend with the scale of farming. These would suggest a strong correlation between gross farm income and the average age of the tax-filers. Older farmers are heavily represented in the non-commercial categories of farming and younger farmers are heavily represented in the commercial categories of farming.

The distribution of farm tax-filer income by age shows predictable patterns. Participation in non-farm employment decreases with the level of gross farm income for all age groups up to 65. Within each gross farm income class, participation in non-farm employment does not show any strong correlation with age. For tax-filers 66 and above, approximately 10 percent participate in non-farm employment regardless of the scale of gross farm income.

Non-farm employment income, of those participating in non-farm employment, shows a strong negative correlation with the scale of farming in each age group up to 65. Also tax-filers in the 41-50 years bracket tend to have the highest employment incomes.

The percentage of tax-filers reporting investment income increases with the age bracket but is constant across the gross farm income scale. Investment income is strongly positively correlated with age. Other off-farm income shows a pattern very similar to investment income.

Thus the total income distribution by age groups is a mixed one. In the non-commercial categories where non-farm employment is the major income source, tax-filers in the 41-50 years age group have the highest income. In the commercial scale categories where farm income and investment income are major sources of income, average total income increases with the age bracket. Thus the highest average total income is claimed by tax-filers, 66 years and over with a gross farm income of over $100,000 followed closely by tax-filers 41-50 years of age with a gross farm income of under $5,000.

Just as not all census farm operators identify themselves as farmers, similarly, not all farm tax-filers identify themselves as farmers. Revenue Canada Taxation Statistics break down tax-filers by stated occupation and reported income from farming. It should be pointed out that these statistics are based on a sample and as such are not identical with the farm tax-filer statistics reported by Statistics Canada. The Revenue Canada statistics are presented in Table 5-14.

TABLE 5-14
DISTRIBUTION OF FARM TAX-FILERS
BY OCCUPATION, ONTARIO, 1983

Occupation	Number of Tax-filers	Number Reporting Farm Income	Total Net-Farm Income ($000)
Employees	3,901,260	29,229	-73,055
Farmers	67,784	67,473	416,239
Fishermen	565	0	0
Self-employed Professionals	55,800	906	-2,400
Self-employed Salesmen	12,054	172	-330
Business Proprietors	182,469	3,823	-5,635
Investors and Property Owners	517,244	8,932	-16,909
Pensioners	424,787	4,300	-6,380
Unclassified	615,996	722	-2,449
Total	5,777,829	115,610	309,263

Source: Revenue Canada-Taxation Special Tabulation

Table 5-14 speaks for itself. The total net farm income of $309,263,000 reported by Revenue Canada Taxation Statistics is 13% greater than the total net farm income of $273,721,000 reported by Statistics Canada.

Table 5-15 compares the incomes by source of 'farmers' as per Revenue Canada Taxation Statistics with all farm tax-filers as per Statistics Canada farm tax-filer statistics.

TABLE 5-15

INCOMES OF FARMERS AND FARM TAX-FILERS, ONTARIO, 1983

Income Source	Revenue Canada 'Farmers'		Statistics Canada Farm Tax-Filers	
	Percent Reporting	Average Income	Percent Reporting	Average Income
Wages and Salaries	25 - 26	$ 2,103	45	$ 9,560
Business	4 - 5	152	10	1,215
Rental	8	97	11	62
Investment	70 - 100	2,798	76	3,963
Other Off-farm	31 - 88	1,728	62	2,177
Net Farm	100	6,141	100	2,389
Total		13,018		19,096

Note: Not all tax-filers stating occupation as Farmers need be Farm Tax-filers.

Table 5-16 shows that the major differences between 'farmers' and 'farm tax-filers' lie in the level of net-farm income, participation in non-farm employment and the level of non-farm employment income of those reporting non-farm employment. Consequently 'farmers' received two-thirds total income as farm tax-filers. Comparing this with the 1980 census data (See Table 5-2), operators who identified themselves as 'farmers' reported an average income of $14,616 versus an income of $17,332 for all census farm operators.

TABLE 5 - 16

DESCRIPTION OF FIGURES 5-1 TO 5-6

Figures 5-1 to 5-6 are drawn for ranges of gross farm income as follows:

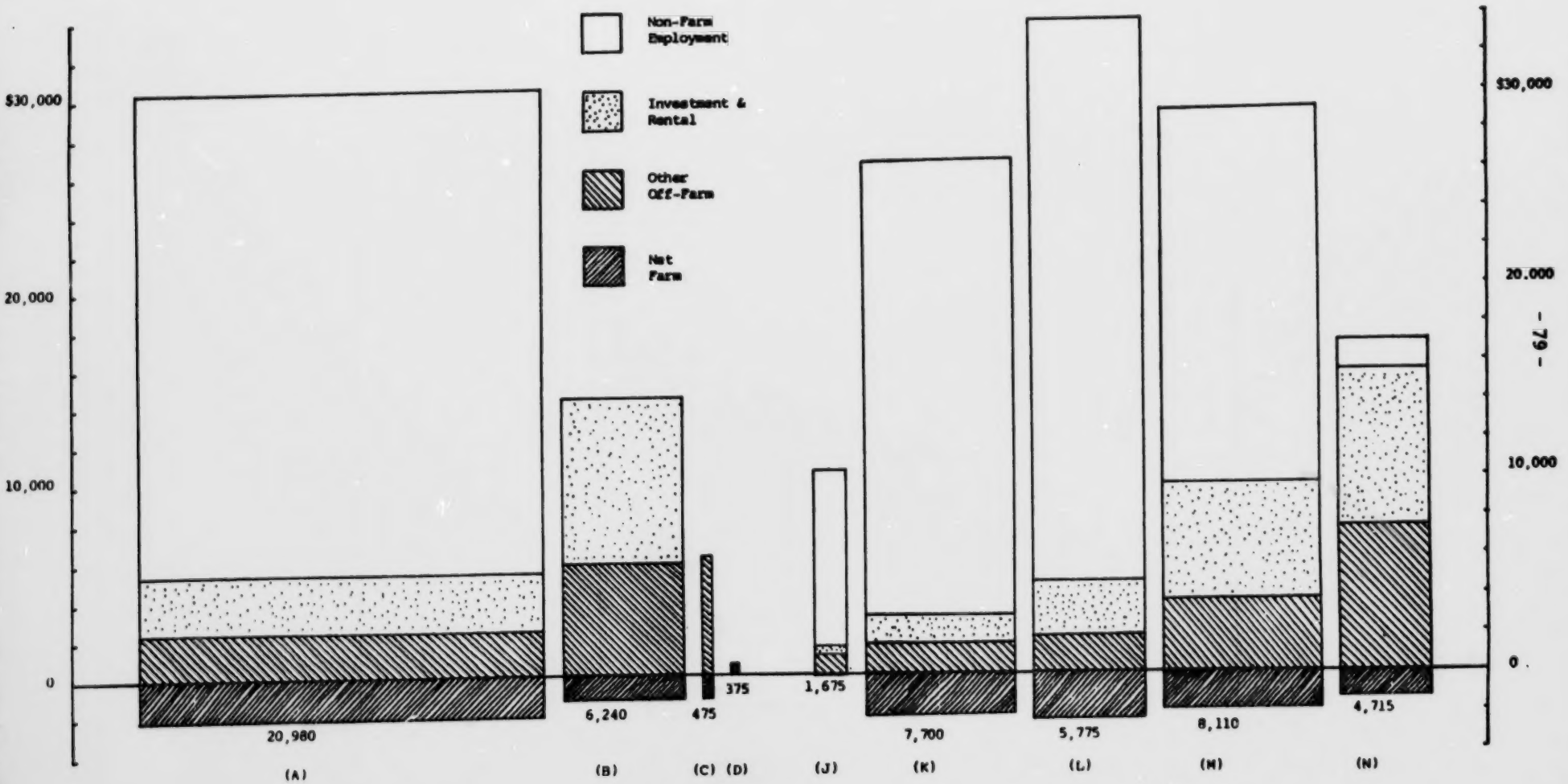
Figure 5-1	Under $5,000	Non-Commercial
Figure 5-2	$5,000 to $9,999	Non-Commercial
Figure 5-3	$10,000 to $19,999	Quasi-Commercial
Figure 5-4	$20,000 to $49,999	Quasi-Commercial
Figure 5-5	$50,000 to $99,999	Commercial
Figure 5-6	$100,000 and over	Commercial

Figures 5-1 to 5-6 describe the average income by source of farm tax-filers as follows:

(A) Reporting non-farm employment income
(B) Reporting investment income but not non-farm employment income
(C) Reporting farm income and other off-farm income only
(D) Reporting farm income only
(J) Age under 25
(K) Age 25 - 40
(L) Age 41 - 50
(M) Age 51 - 65
(N) Age 66 and over

The definition of income sources is as follows:

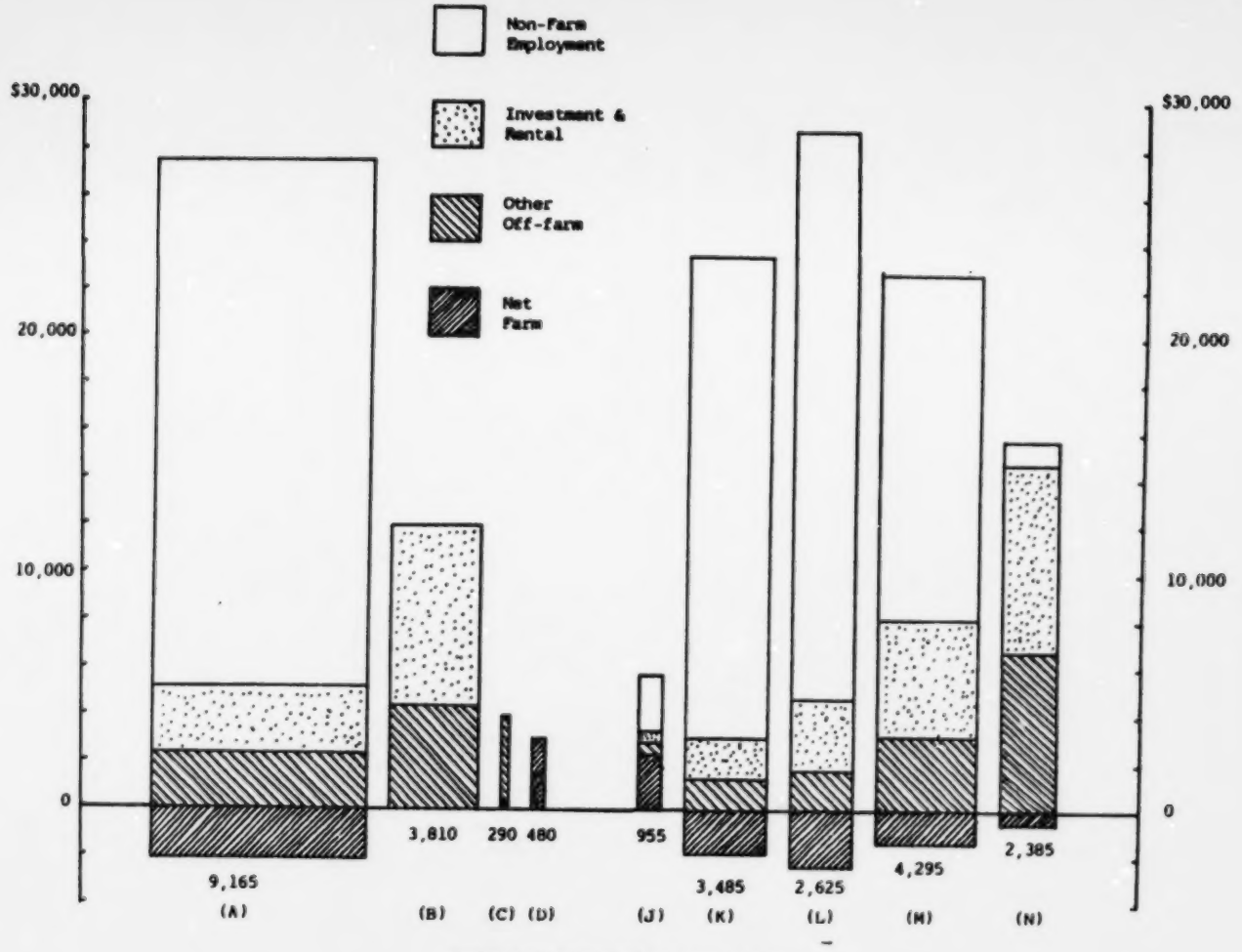
Non-farm Employment	Wages & Salaries	Gross earnings per T4 slips, tips and gratuities less allowable employment expenses.
	Business Income	Net business income, net professional income, net commission income and net fishing income.
Investment	Rental Income	Net rental income.
	Other Investment	Gross dividends, interest and other investment income.
Other Off-farm		Pension income, family allowances, U.I. benefits, alimony received, taxable capital gains and other not elsewhere specified.



GROSS FARM INCOME UNDER $5,000

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

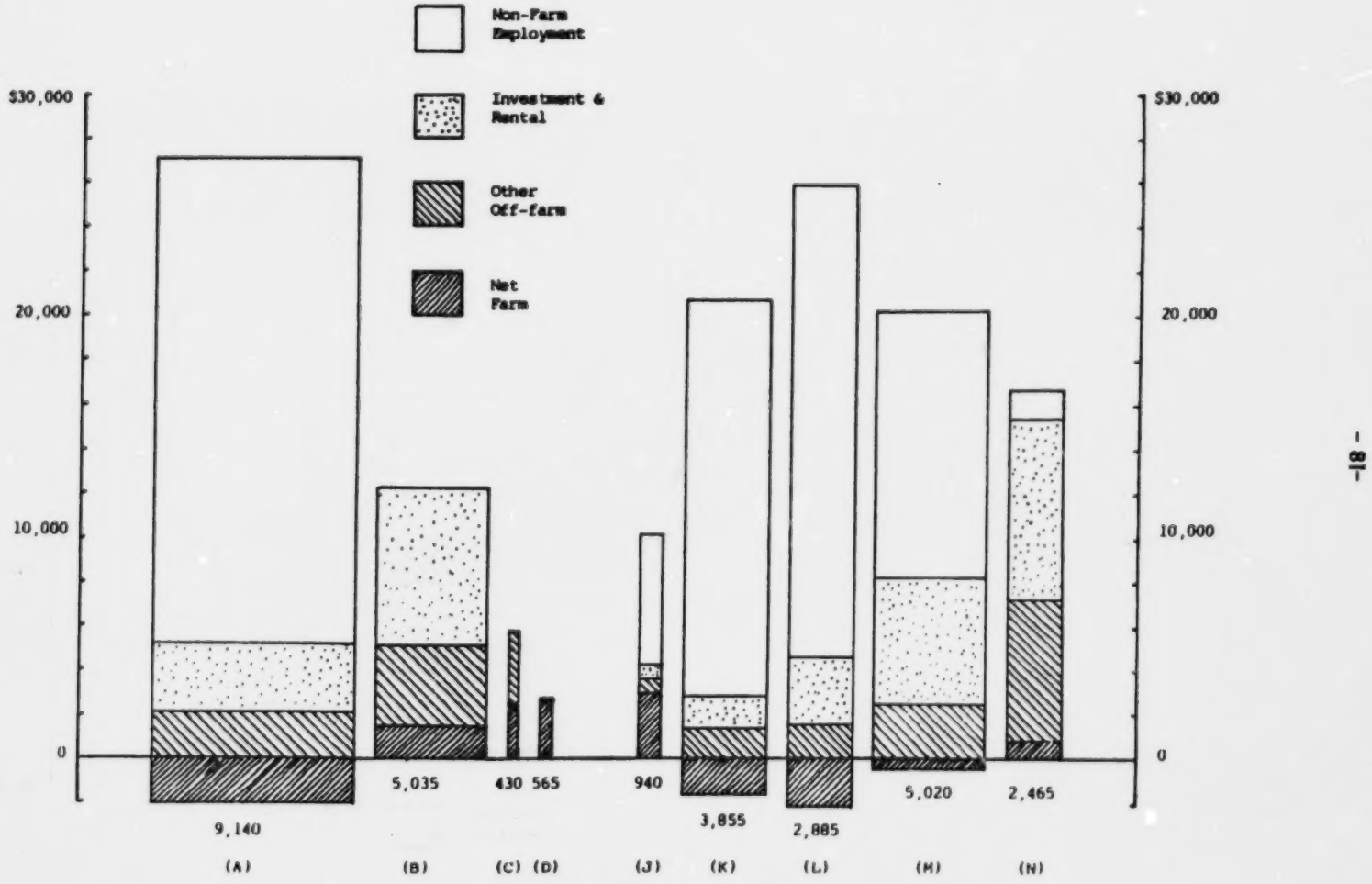
Figure 5-1



GROSS FARM INCOME $5,000 TO $9,999

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

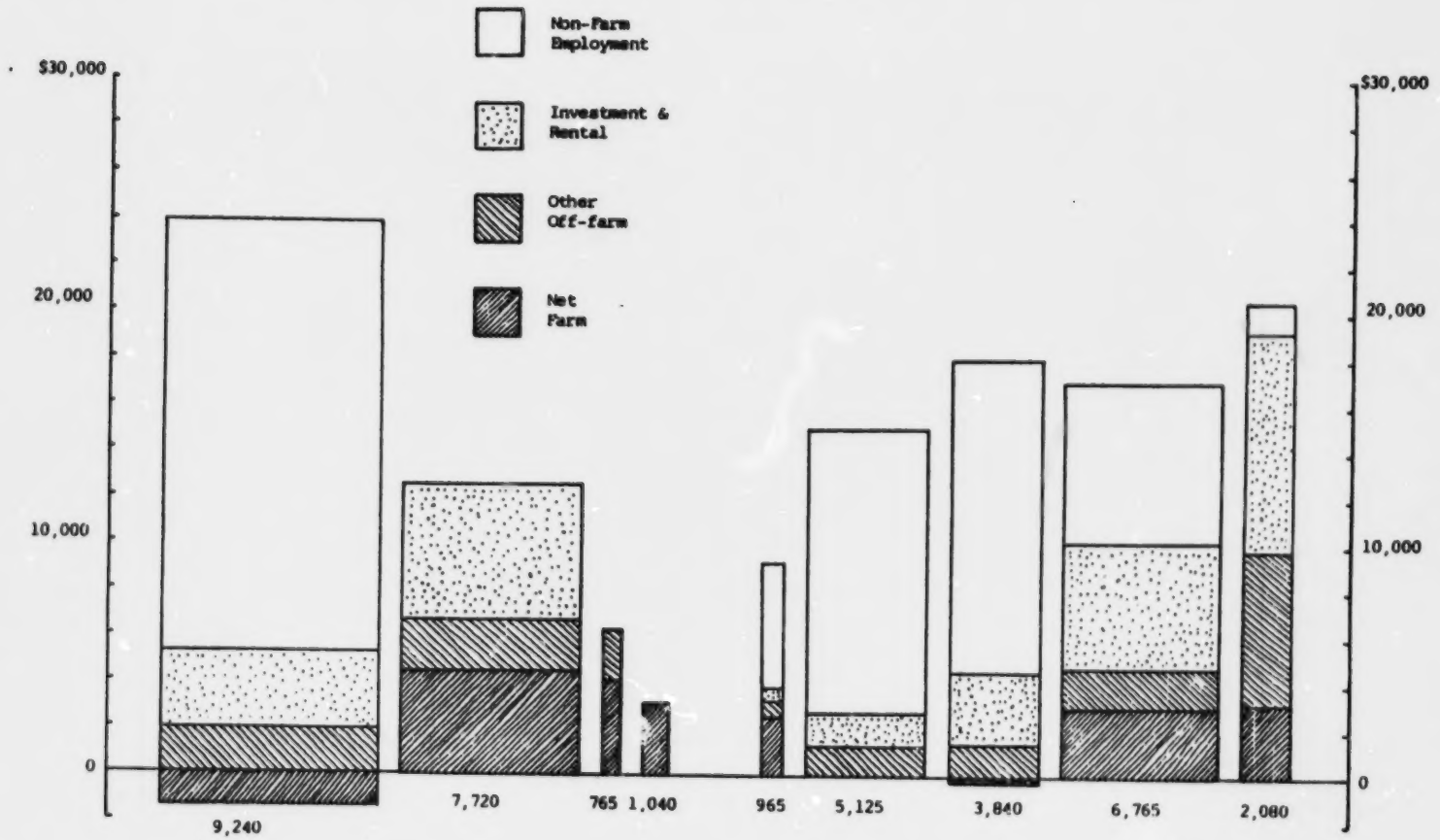
Figure 5-2



GROSS FARM INCOME $10,000 TO $19,999

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

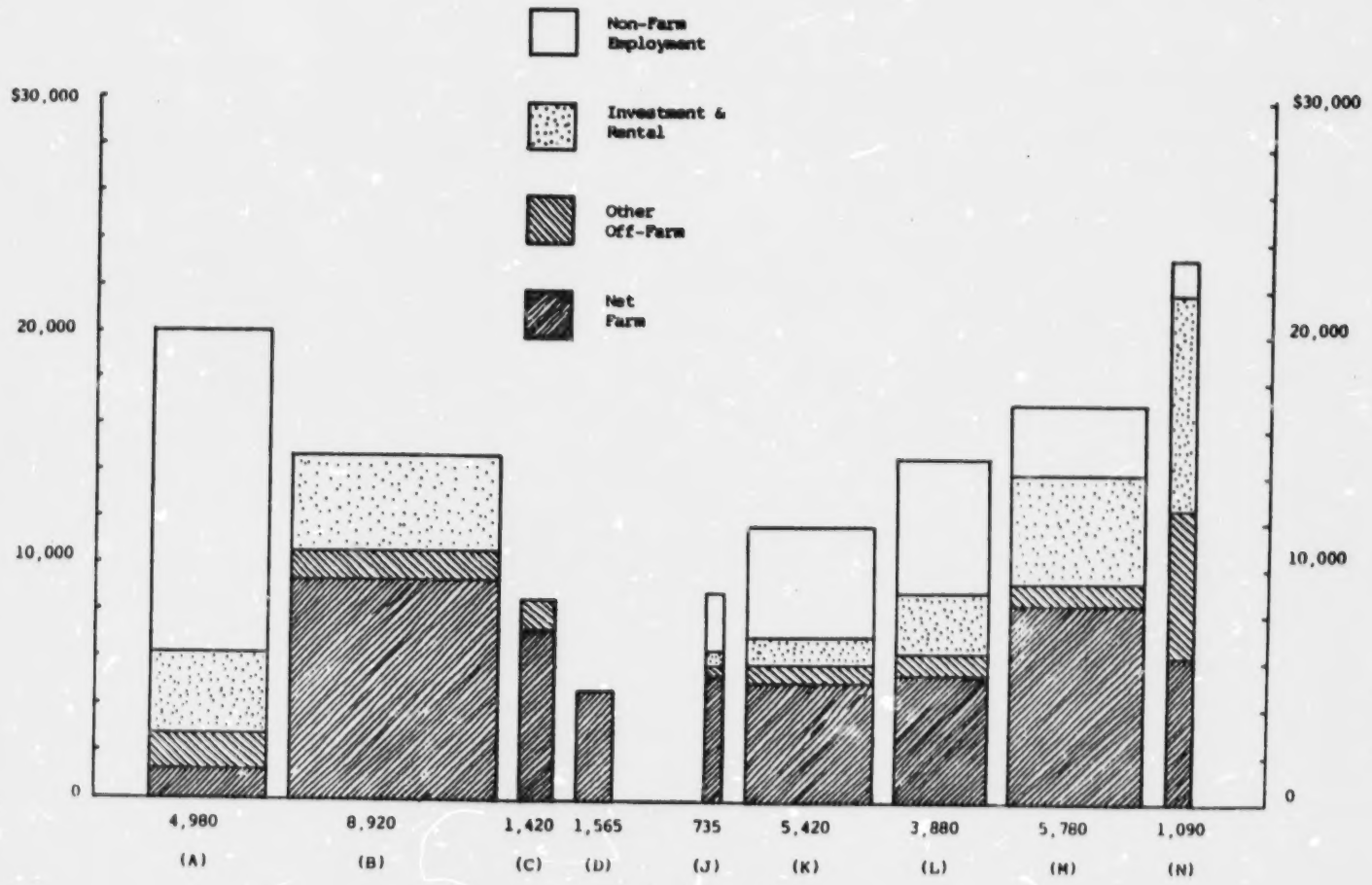
Figure 5-3



GROSS FARM INCOME $20,000 TO $49,999

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

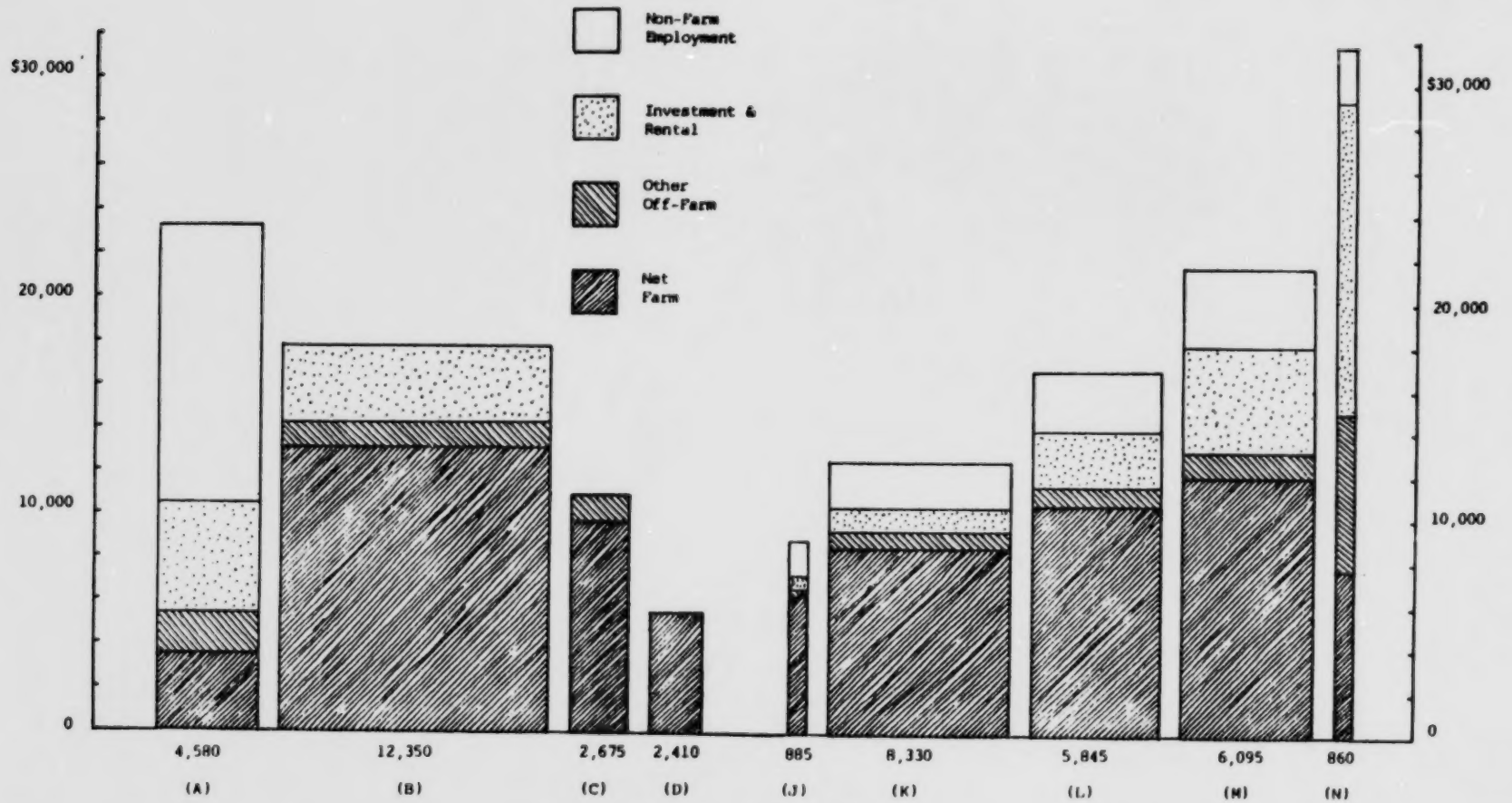
Figure 5-4



GROSS FARM INCOME $50,000 TO $99,999

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

Figure 5-5



GROSS FARM INCOME $100,000 AND OVER

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME AND AGE, ONTARIO, 1983

Figure 5-6

CHAPTER 6

INCOMES OF FARM FAMILIES

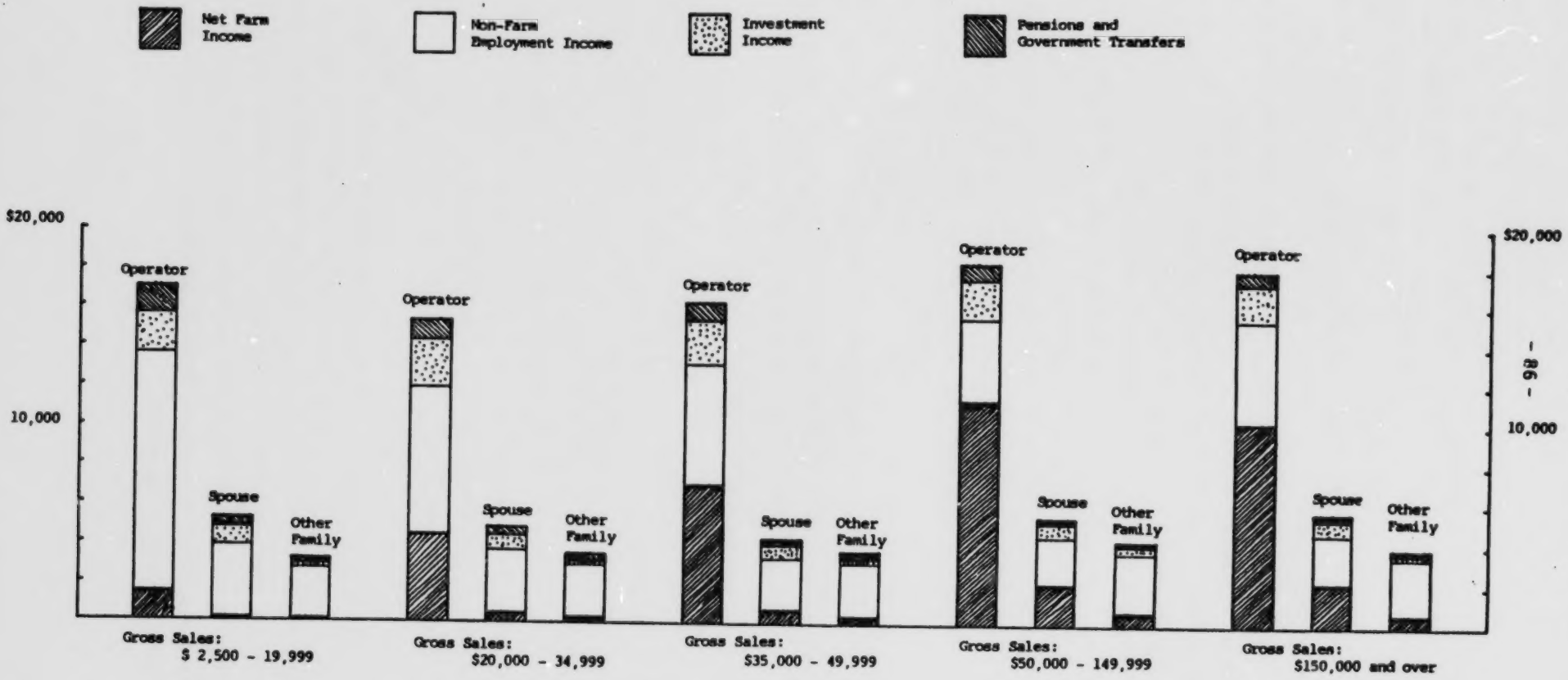
We have seen from the census data and also farm tax-filer data that farm operators derive income from several sources and in the period 1970 to 1980, an increasing proportion of the operators turned to non-farm employment for their major source of income. The contribution of investment and other income such as transfer payments to total income increased dramatically. As a result total income of farm operators shows little variation with the scale of farming itself. The same pattern can be observed for incomes of farm families. Total family income shows little variation with the scale of the farm operation. This is shown in Table 6-1.

TABLE 6 - 1
DISTRIBUTION OF FARM CENSUS FAMILY INCOME BY VALUE OF AGRICULTURAL PRODUCTS SOLD, ONTARIO, 1980

Value of Agricultural Products Sold	Number of Families	Average Family Income
$2,500 - $19,999	26,310	$25,131
$20,000 - $34,999	8,050	$23,493
$35,000 - $49,999	5,430	$24,151
$50,000 - $149,999	16,805	$27,917
$150,000 and over	4,925	$27,472

Source: Statistics Canada, Special Tabulation (See Appendix V).

On average, low incomes from farming are compensated by higher earnings from non-farm employment and vice-versa. Even on commercial scale farms, non-farm employment makes a significant (over one-third) contribution to total family income. This is shown diagramatically in Figure 6-1.



INCOME OF CENSUS FARM FAMILIES BY SOURCES OF INCOME, ONTARIO, 1980

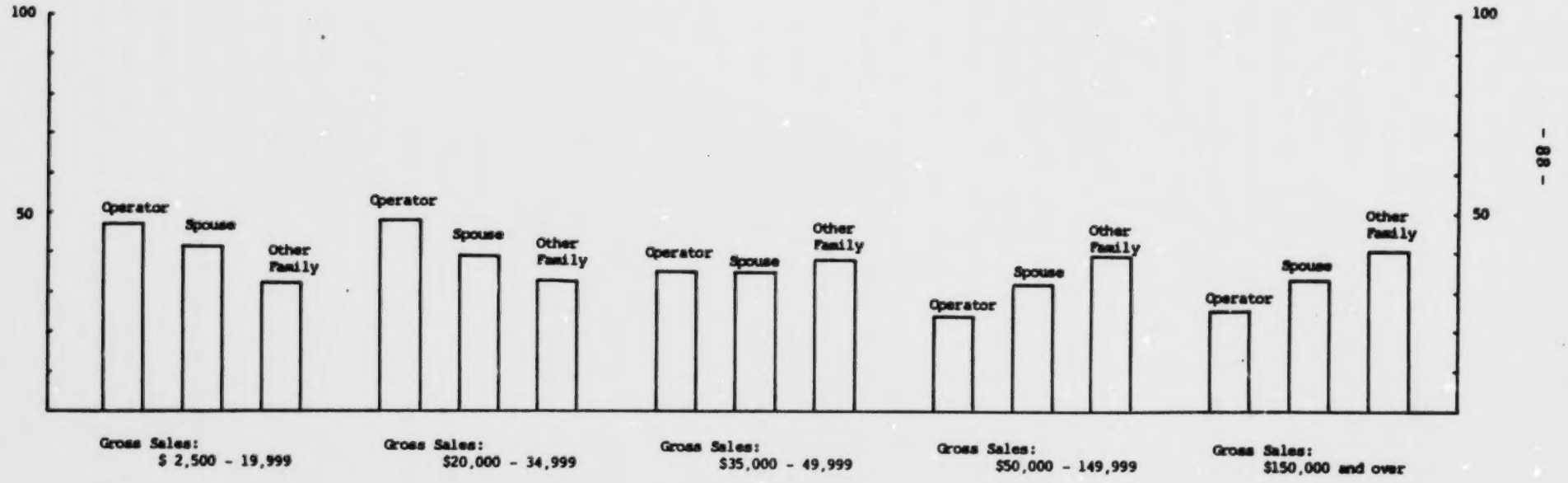
Figure 6 - 1

Investment income shows little sensitivity to the scale of the farming operation of the family. The contribution of investment income to total family income in 1980 was approximately 12 percent. Pensions and government transfers accounted for approximately 7 percent of total family income. These incomes show a steady downward relationship to the scale of farming. However, because of their small contribution to total income, the impact is quite small.

Regardless of the scale of farming the income of the operator accounted for two-thirds of the total family income. Spouses accounted for approximately one-fifth of the family income and other family members for the remainder. Almost all the income reported by spouses is derived from non-farm sources, except on commercial scale farms where spousal farm earning is significant but nonetheless lower than non-farm employment earnings. The reported income from farming by spouses and other family members may be an underestimate of their actual labour contribution. On many farms all the farm income tends to be reported by the operator although family members may be actively engaged in the operation.

As demonstrated previously, except on commercial farms, the largest source of operator and family income is non-farm employment. However, even on the smaller farms (gross sales under $20,000), fewer than half the operators or family members worked off the farm. Only 5 percent of these small farm operators (and 2 percent of the spouses) can be described as pensioners. From these statistics it would appear that there is substantial under-employment among many non-commercial and quasi-commercial farm families. Figure 6-2 shows the percentage of farm family members reporting non-farm employment in 1980.

Over the decade of the 1970s, the average income of farm census families rose from $18,370 in 1970 to $26,629 in 1980 (constant 1980 dollars) for an increase of 45 per cent. In 1980, the average farm family enjoyed an income of approximately 95 percent of the income of all census families in Ontario. The number of low income families decreased drastically in this ten year period while the number of families earning over $25,000 increased by 63 percent.



PERCENTAGE FARM FAMILY MEMBERS REPORTING NON-FARM EMPLOYMENT INCOME, ONTARIO, 1980

Figure 6 - 2

Table 6-2 shows the change in numbers of families by income between 1970 and 1980.

TABLE 6 - 2
DISTRIBUTION OF CENSUS FARM FAMILIES
BY TOTAL FAMILY INCOME, ONTARIO

	TOTAL FAMILY INCOME (1980 $)			
Year	$0 or Less	$1 - 9,999	$10,000 - 24,999	$25,000 and over
1970	2,955	25,240	38,980	19,450
1980	2,940	10,725	29,645	31,725

Source: Statistics Canada, Agriculture - Population Sample Data Base.

This shift in income improvement has been shared by "full-time" and "part-time" farm families alike. This is shown by Table 6-3.

TABLE 6 - 3
CHANGE IN NUMBER OF FARM CENSUS FAMILIES
REPORTING POSITIVE TOTAL INCOME BY
TOTAL INCOME AND PERCENT OF TOTAL INCOME
DERIVED FROM FARMING, 1970 TO 1980, ONTARIO

	TOTAL INCOME (1980 $)		
Percent of family income derived from farming	$0 - 9,999	$10,000 - 24,999	$25,000 and over
	- percent -		
Negative or Zero	- 49	- 28	60
Under 25	- 60	- 25	56
25 - 49	- 69	- 17	74
50 - 74	- 65	- 14	95
75 - 100	- 59	- 24	58

Source: Statistics Canada, Agriculture-Population Sample Data Base.

Nonetheless, farm families who derive most of their income from farming continue to be under-represented in the higher income category and over-represented in the lower income category. This disparity improved through the 1970s but still remains.

TABLE 6 - 4

DEGREE OF OVER/UNDER REPRESENTATION BY TOTAL INCOME AND PERCENT OF INCOME DERIVED FROM FARMING, ONTARIO, 1980

Percent of income derived from farming	TOTAL INCOME ($) 0 - 10	10 - 25	25+
0 or negative	1.08	1.00	0.97
Under 25	0.54	0.92	1.23
25 - 49	0.71	1.14	0.97
50 - 74	0.92	1.08	0.95
75 - 100	1.66	0.95	0.82

Note: Where the number is greater than 1 it indicates over-representation and where it is less than 1 it indicates under-representation.

Source: Statistics Canada, Agriculture - Population Sample Data Base.

Income from farming is determined by thee important factors:

(a) the scale of the farm operation,

(b) the type of enterprise by commodity and the normal rate of return in that commodity, and

(c) the annual fluctuations in returns in each commodity.

In examining farm income (or family income) by commodity for a single year only, it must be recognized that farm prices and profitability can change greatly from one year to another. As a consequence, the relative well being of families producing different commodities may change considerably over time. It is also important to note that when farms are classified by principal commodity they are not distributed on the economic scale in the same proportions. For example, 62 percent of the dairy operations (1981 Census of Agriculture) are within the commercial category; 81 percent of the cattle farms are within the non-commercial and quasi-commercial categories. The distribution of farm families by major commodity and economic scale is shown in Table 6-5.

TABLE 6 - 5

DISTRIBUTION OF FARM CENSUS FAMILIES

BY ANNUAL SALES AND TYPE OF ENTERPRISE

Enterprise*	Total Farm Families	Annual Sales (1980) $2,500 to $19,999	$20,000 to $49,999	$50,000 and over
		- percent -		
Dairy	12,090	14	24	62
Cattle	17,575	62	19	19
Hogs	4,635	30	24	47
Mixed Livestock	2,195	39	23	38
Poultry	1,495	36	12	51
Small Grains	12,295	44	28	28
Field Crops	2,755	24	8	68
Miscellaneous Specialty	3,040	64	16	21

* An enterprise is defined by commodity when 51% or more of the sales are made up of the commodity.

Source: Statistics Canada, Special Tabulation (See Appendix V).

Consequently one would expect the average dairy farm to derive a greater portion of income from farming than the average cattle farm. It is also reasonable to expect that on average all cattle and grain producers will show a very large non-farm employment component to total income when compared with dairy producers. Therefore, it is important that income comparisons between commodities be made within the same economic scale of farming. Figure 6-3 shows the average family income by type of enterprise for commercial farm operations. Figure 6-4 shows the average family income for non-commercial operations by type of enterprise.

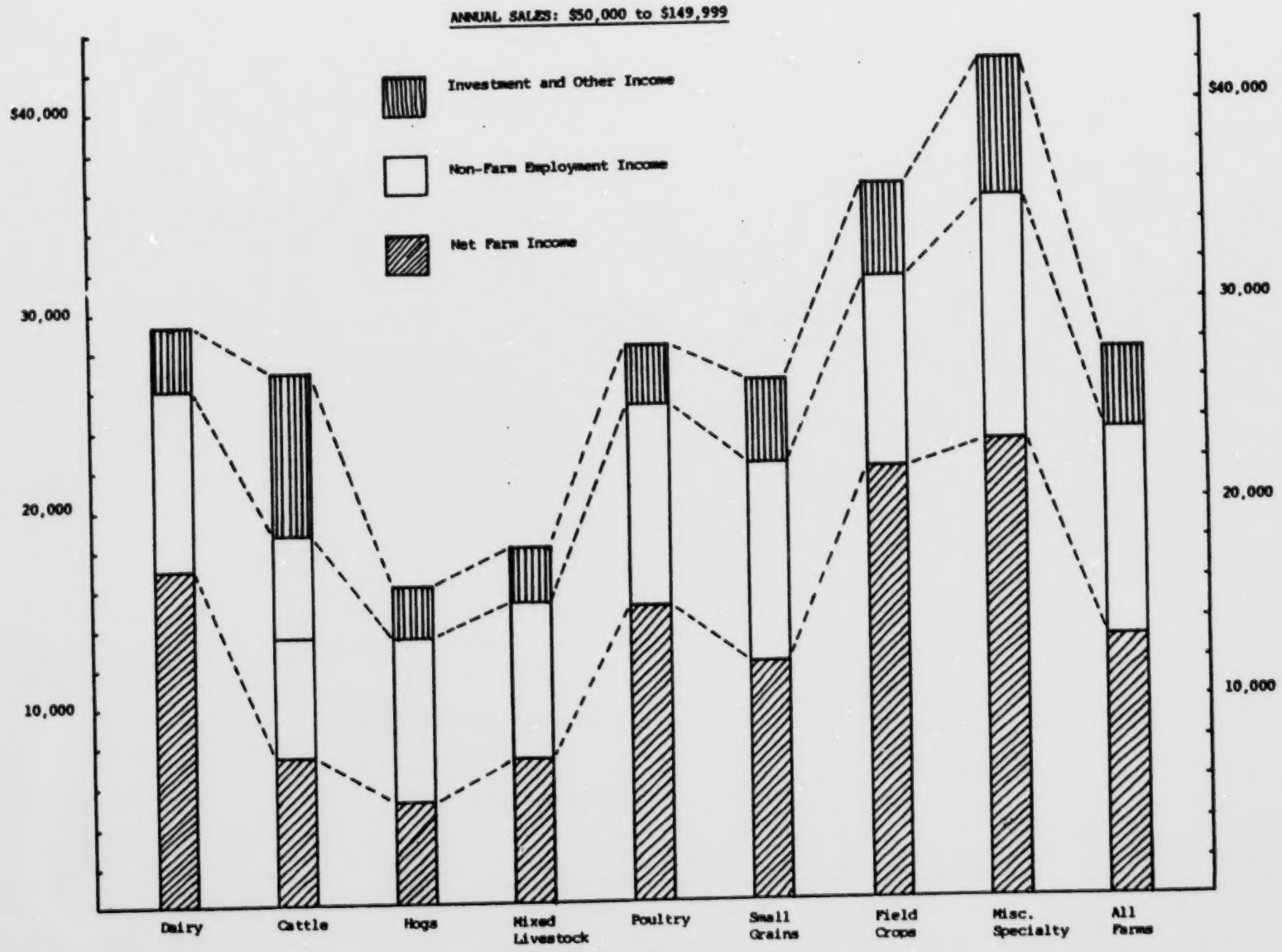
For the average commercial farm family, income from farming is the major source of total income. However, the contribution of farming income to total income varies greatly between commodities. Differences in off-farm income of commercial farm families on a commodity basis are small when compared with differences in returns from farming. Thus for commercial farm families variations in commodity returns have a very large impact on total family incomes. This is shown for 1980 in Table 6-6 for farm families with gross sales between $50,000 and $150,000.

TABLE 6 - 6

	Net Farm Income	Non-Farm Employment Income	Other Income	Total Income
GROSS FARM SALES $50,000 to $149,999				
Low ($)	5,143(H)	7,885(ML)	2,615(H)	16,014(H)
High ($)	23,097(MS)	12,273(MS)	8,125(C)	42,196(MS)
Range ($)	17,954	4,388	5,510	25,182
GROSS FARM SALES $2,500 to $19,999				
Low ($)	243(H)	10,297(D)	2,950(H)	18,612(D)
High ($)	4,483(D)	23,969(OFC)	7,583(OFC)	33,994(OFC)
Range ($)	4,240	13,672	4,633	15,382

Legend: C: Cattle, D: Dairy, H: Hogs, MS: Misc. Specialty, OFC: Other Field Crops

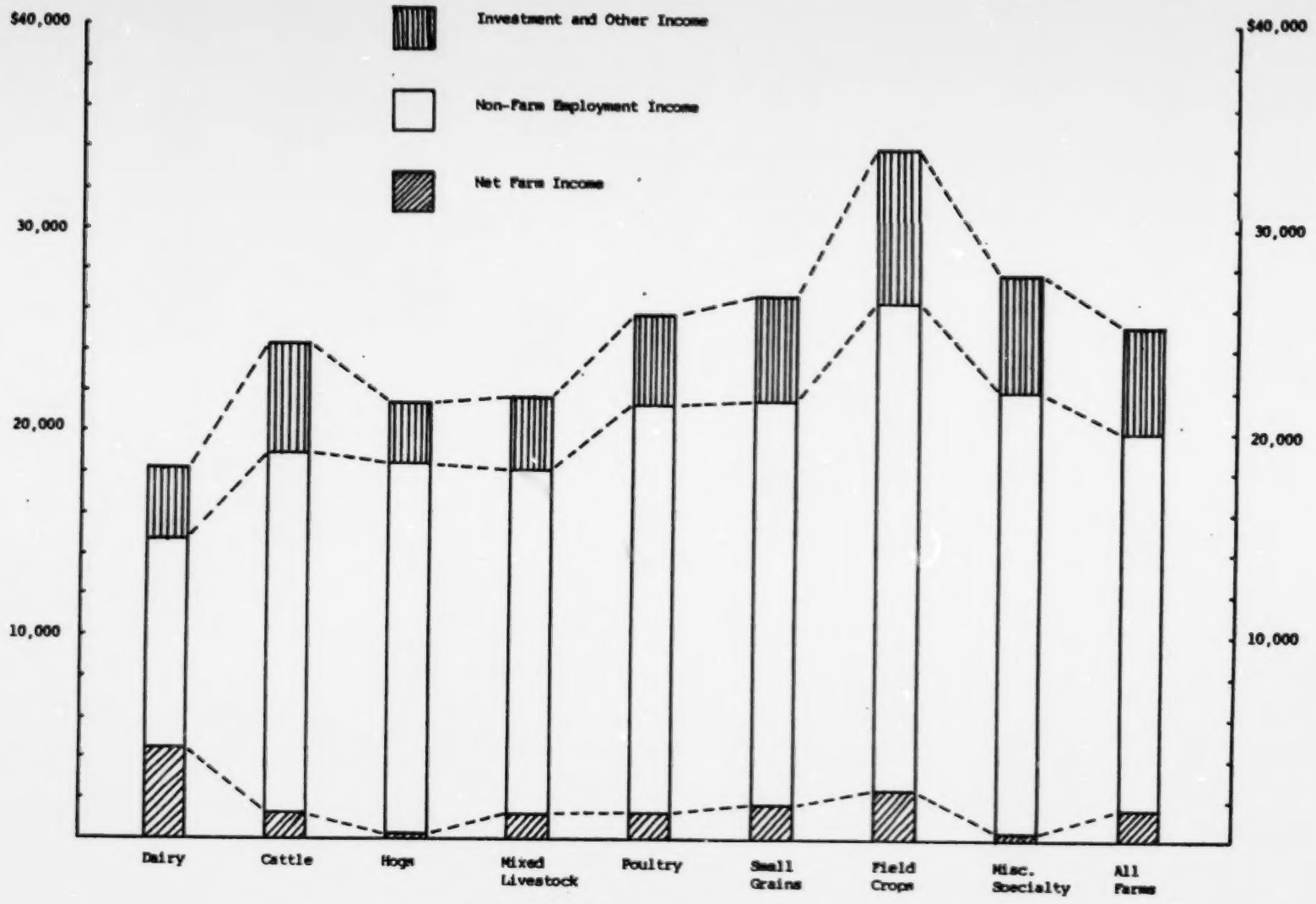
Source: Statistcs Canada, Special Tabulation (See Appendix V).



DISTRIBUTION OF FARM FAMILY INCOME BY COMMODITY AND SOURCE, ONTARIO, 1980

Figure 6 - 3

ANNUAL SALES: $2,500 - $19,999



DISTRIBUTION OF FARM FAMILY INCOME BY COMMODITY AND SOURCE, ONTARIO, 1980

Figure 6 - 4

In examining farm income (or family income) by region for a single year only, it must be recognized that different regions tend to specialize in different commodities by virtue of natural endowments, market accessibility, historical patterns or other factors. Consequently in years when returns from any commodity are low, the farming income for regions where that commodity is predominant, will also be low. In 1980 hog prices were very poor and as a result the income from farming in Western Ontario, a region where hog production is a major industry, was also low.

Some regions have proportionately more commercial farms than other regions. In these regions one would expect farming income to make a larger contribution to total income and, therefore, they are more sensitive to variations in farming returns.

Traditionally Ontario has been divided into five geographic regions for purposes of agricultural statistics. Historically these regions (namely Southern, Western, Central, Eastern and Northern) may have been drawn according to their agricultural capabilities. Today the growth of urban centres with their attendant appetite for farmland and employment opportunities has a far greater influence on the economics of farming and the incomes of farm families than the agricultural capability of the land itself. Even the agricultural capability of each region may have changed substantially since the regional divisions were originally drawn. However, statistics continue to be presented in terms of the traditional agricultural regions. For example, Peel County and Huron County are lumped together into Western Ontario, York County and Hastings County are lumped into Central Ontario and Halton County is treated as part of Southern Ontario. In fact from an economic and farm family income point of view Halton, Peel and York Counties have much more in common with one another than they do with the other areas within their agricultural regions. Regional data is presented in this report with the above reservation.

The distribution of farm families by region and annual sales is shown in Table 6-7. Proportionately more farms in Southern and Western Ontario are operated on a commercial scale when compared with other regions.

TABLE 6 - 7
DISTRIBUTION OF FARM CENSUS FAMILIES BY ANNUAL SALES AND REGION, 1981

Region	Total Farm Families	Annual Sales (1980) $2,500 to $19,999	$20,000 to $49,999	$50,000 and over
		- percent -		
Southern	22,065	35	23	41
Western	19,370	38	23	39
Central	8,750	57	19	24
Eastern	8,995	52	20	29
Northern	2,360	64	16	20

Source: Statistics Canada, Special Tabulation. (See Appendix V).

The distribution of commercial farms (i.e. sales of $50,000 and over) by region and major commodities is shown in Table 6-8. Only in Southern Ontario do we find a reasonably balanced commodity representation among commercial farms. Red meats production is dominant in Western Ontario and dairy farming in Eastern Ontario.

TABLE 6 - 8
DISTRIBUTION OF COMMERCIAL FARMS IN ONTARIO BY REGION, 1981

	Southern	Western	Central	Eastern	Northern	Total
Dairy	1,721	2,651	1,144	2,184	374	8,074
Cattle	804	2,468	326	167	64	3,829
Hogs	971	1,211	165	96	16	2,459
Poultry	508	383	123	76	11	1,101
Grains & oil seeds	2,802	808	225	133	15	3,983
Other field crops	2,042	82	65	9	5	2,203
Fruits & Vegetables	808	172	156	21	1	1,158
Total (of above)	9,656	7,775	2,204	2,686	486	22,807

Source: Statistics Canada, Special Tabulation. (See Appendix V).

In the light of the preceding discussion it is important that income comparisons between regions be made within the same economic scale of farming. Figure 6-5 shows the average family income by region for commercial and non-commercial operations.

For the average commercial farm family, income from farming is the major source of income in each region. Differences in off-farm income for these families are small when compared with differences in returns from farming. Some of the regional differences in farming income can be attributed to the distribution of commodity production within each region. Some of the regional differences in 'other income' (investment income and transfer receipts) can be attributed to differences in wealth and age of farmers in the regions. These are shown for 1980 in Table 6-9 for farm families with gross sales between $50,000 and $150,000.

TABLE 6-9

Sales between $50,000 and $150,000

	Net Farm Income	Non-Farm Employment Income	Other Income	Total Income
S. Ontario	15,493 (53.0)	9,627 (33.0)	4,092 (14.0)	29,212
W. Ontario	10,883 (44.4)	8,830 (36.0)	4,800 (19.6)	24,513
C. Ontario	11,636 (45.1)	8,823 (24.2)	5,341 (20.7)	25,800
E. Ontario	19,091 (55.5)	11,982 (34.8)	3,365 (9.8)	34,438
N. Ontario	12,249 (53.0)	8,933 (38.6)	1,942 (8.4)	23,124
Low	10,883 (W)	8,823 (C)	1,942 (N)	23,124 (N)
High	19,091 (E)	11,982 (E)	5,341 (C)	34,438 (E)
Range	8,208	3,159	3,399	11,314

Source: Statistics Canada, Special Tabulation (See Appendix V).

For the average non-commercial farm family the contribution of farming to total income is small in every region. Differences in non-farm employment income and 'other income' account for

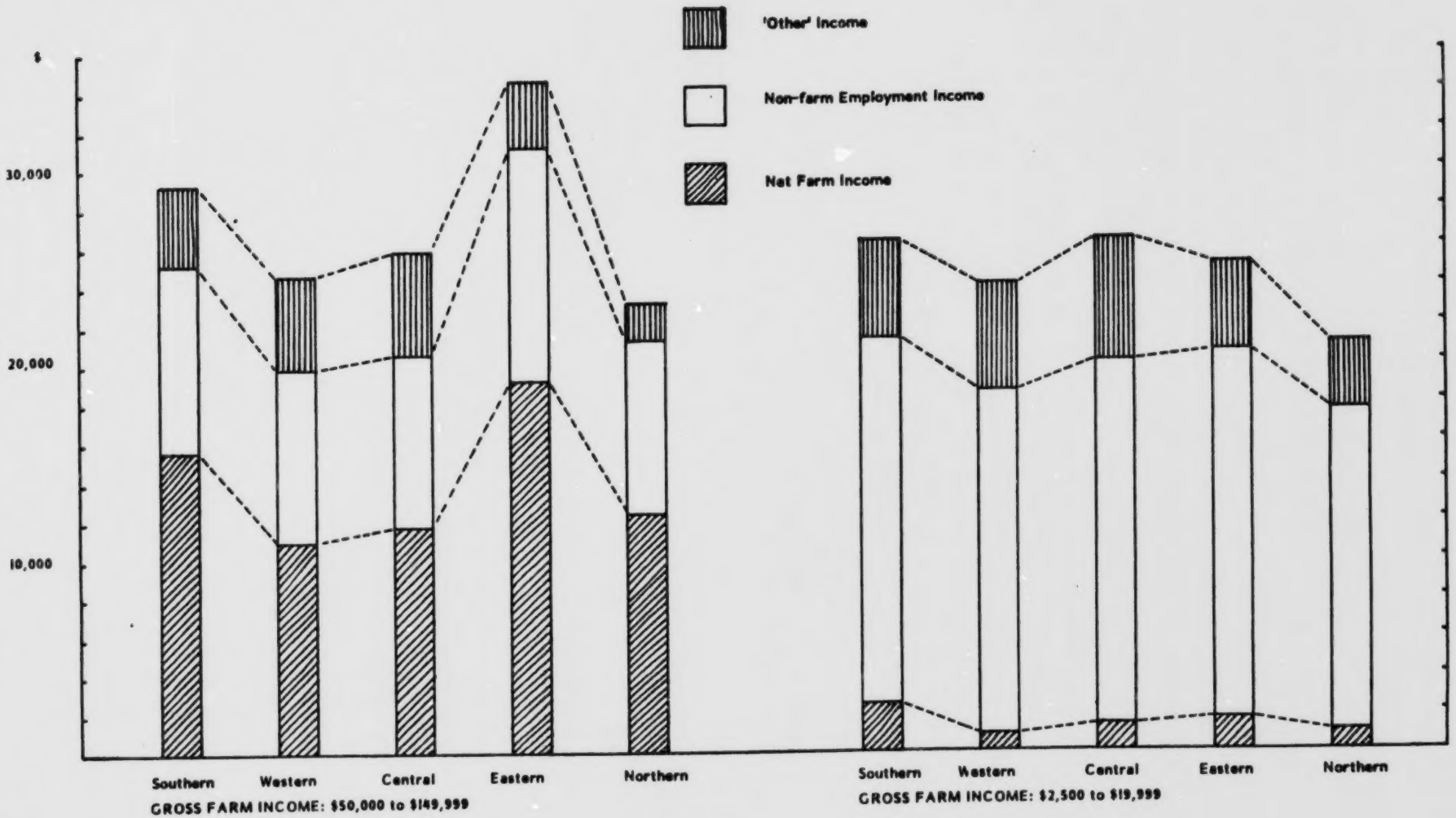
most of the variation in regional incomes. This is shown in Table 6-10 for 1980 for farm families with gross sales between $2,500 and $20,000.

TABLE 6 - 10

Sales between $2,500 and $20,000

	Net Farm Income	Non-Farm Employment Income	Other Income	Total Income
S. Ontario	2,455 (9.4)	18,822 (71.7)	4,965 (18.9)	26,242
W. Ontario	881 (3.7)	17,724 (73.5)	5,494 (22.8)	24,099
C. Ontario	1,340 (5.1)	18,744 (71.1)	6,277 (23.8)	26,361
E. Ontario	1,594 (6.4)	18,845 (75.5)	4,534 (18.1)	24,973
N. Ontario	972 (4.6)	16,489 (78.9)	3,453 (16.5)	20,914
Low	881 (W)	15,489 (N)	3,453 (N)	20,914 (N)
High	2,455 (S)	18,845 (E)	6,277 (C)	26,361 (C)
Range	1,574	3,356	2,824	5,447

Source: Statistics Canada, Special Tabulation (See Appendix V).



INCOME OF FARM FAMILIES BY REGION OF ONTARIO, 1980

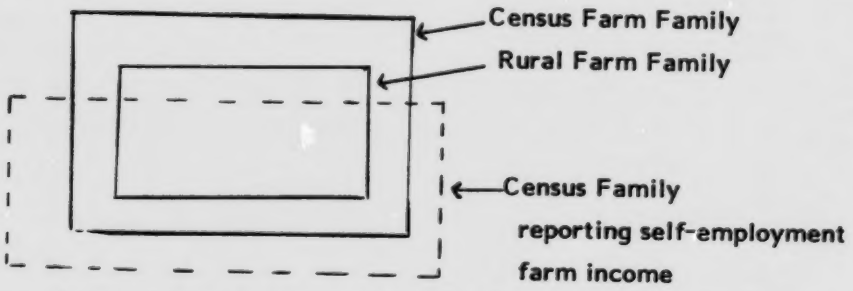
Figure 6 - 5

CHAPTER 7

COMPARING INCOMES OF FARM FAMILIES WITH NON-FARM FAMILIES

In Chapter 6 we examined the income of census farm families and how that income was distributed. This income distribution was examined principally according to the agricultural characteristics of the farm operation. But as has been noted, the census farm family is not the only definition of a farm family. Farm family income, is highly dependent on the definition of the farm family.

To briefly recapitulate the statistics, in 1981 there were 82,448 census farms of which 75,035 were operated by census families. Of the latter, 70,705 resided in rural areas and are defined as rural farm families. Although there were only 75,035 census farm families, 79,570 census families in Ontario reported self-employment farm income. The sets of farm families according to the various definitions are illustrated below:



As with farm families, individual farmers can be defined in various ways — (1) operators of census farms (2) farm tax-filers (3) individuals reporting self-employment farm income and further (4) individuals who reported farming as their occupation.

In this chapter, the incomes of farmers and farm families according to various definitions are compared with the incomes of all individuals and families in Ontario. Our object is to present as clear a picture as possible of the relative welfare of farmers and their families in the larger provincial context.

Between 1970 and 1980, the average income of census farm families rose from $18,370 to $26,629 (in constant 1980 dollars) for an improvement of 45 per cent. This represented a substantial catch-up with the rest of the population, whose average family income increased by only 21 percent. The distribution of income of farm and all families is shown in Table 7-1.

TABLE 7 - 1

INCOME OF CENSUS FARM AND ALL FAMILIES IN ONTARIO

	Census Farm Families		All Census Families	
	1970	1980	1970	1980
Number of families	86,615	75,035	1,878,495	2,278,910
Under $5,000	12.9%	7.5%	5.2%	4.6%
$5,000 - $9,999	19.6	10.7	10.2	7.9
$10,000 - $24,999	45.0	39.5	49.8	36.9
$25,000 and over	22.5	42.3	34.8	50.6
Average family income	$18,370	$26,629	$23,108	$28,002

Source: Statistics Canada, Census of Population, Cat. 92-936
Statistics Canada, Agriculture - Population Sample Data Base

If we arbitrarily define income under $10,000 as low, whereas 12.5 percent of all census farm families had low income in 1980, 18.2% of census farm families had low income in 1980. However, the incidence of low income among census farm families declined from one in three to one in six.

If we look at the incomes of farm families according to major source of income, the picture is less encouraging. 'Major source of income' is statistically defined as the source with the greatest absolute value. If a family had an income of $10,000 from non-farm employment and a farm loss of $15,000 its major source of income would be farming. 'Major source of income' is also defined on a year to year basis. If a family's normal income from farming and non-farm employment are approximately equal, in years of high farm income, the major source of income will be net-farm self-employment and in years of low farm income, the major source

of income for the family will be non-farm employment. As a result the annual statistics tend to over-estimate the average income of families whose normal major source of income is farming and under-estimate the average income of families whose major source of income is non-farm employment. In spite of this statistical bias, families whose major source of income is farming received much lower incomes than families whose major source of income is non-farm employment. This is shown in Table 7-2.

TABLE 7 - 2

INCOMES OF CENSUS FARM FAMILIES BY MAJOR SOURCE OF INCOME

	Net-farm Self-Employment		Non-farm Employment		Other	
	1970	1980	1970	1980	1970	1980
Number of families	29,755	24,780	48,315	39,140	8,520	10,995
Under $5,000	20.5%	15.2%	5.4%	2.4%	26.4%	7.3%
$5,000 - $9,999	26.1	14.0	13.1	5.7	36.9	21.4
$10,000 - $24,999	37.3	36.3	53.2	40.0	25.6	45.5
$25,000 and over	16.1	34.5	28.4	52.0	11.2	25.8

Note: Income figures have been adjusted for inflated and are given in 1980 dollars.

Source: Statistics Canada, Agriculture-Population Sample Data Base

As can be seen from Tables 7-1 and 7-2, census farm families whose major source of income was non-farm employment had slightly higher incomes than all census families in the province. On the other hand families whose major source of income was net farm self-employment had much lower incomes than the provincial average. Comparing incomes of farm families according to various other definitions, the picture is as shown in Table 7-3.

TABLE 7-3

TOTAL INCOME OF RURAL FARM FAMILIES
AND FAMILIES REPORTING FARM INCOME, 1980

Total Family Income	Census Rural Farm Families	Census Families Reporting Net Farm Self-Employment Income
Under $5,000	7.9%	7.4%
$5,000 - $9,999	11.5	10.1
$10,000 - $24,999	39.7	38.4
$25,000 and over	41.0	44.1
Average Total Income	$25,721	NA
Average Farm Income	NA	$6,600

Source: Statistics Canada, Census of Population Cat. 92-936

From Table 7-3 we see that families defined 'rural farm' and as 'reporting net farm employment income' received income half way between those of census farm families, defined according to whether their major source of income was farming or non-farm employment. We also note that for families reporting income from farming, farming itself makes only a minor contribution to total income.

As with farm families, there are various ways of defining a farmer. The 'census farm operator' definition only captures the principal operators of census farms. Other definitions include rural farm population, individuals reporting farm self-employment income and individuals reporting farming as an occupation. In addition, among farm tax-filers, approximately 60 percent identified themselves as farmers. In this section we propose to compare the incomes of farmers according to the various definitions with that of all individuals in the population. Table 7-4 gives a measure of the farm population under each definition.

TABLE 7 - 4

FARMING POPULATION BY VARIOUS DEFINITIONS, 1980

	Males	Females	Total
Rural Farm, 15 years and older	114,590	98,500	213,090
- with employment	103,440	58,900	162,340
- with employment income	98,715	50,955	149,670
Occupation - farmer	46,890	8,370	55,260
- farm manager	7,570	1,985	9,555
- farm worker	69,185	36,440	105,265
Reporting self-employment farm income	87,310	18,190	105,500
Census farms	NA	NA	82,450
- operators reporting farming occupation	NA	NA	47,250
- non-operators reporting farming occupations	15,270	19,895	35,165
Farm Tax-filers	NA	NA	114,575
- reporting farming occupation	NA	NA	67,784

Sources: Statistics Canada, Census of Population Cat. 92-928, 929, 930
Statistics Canada, Agriculture-Population Sample Data Base
Statistics Canada, Farm Tax-filer Statistics
Revenue Canada, Special Tabulation

In comparing incomes of farmers with non-farmers, certain factors should be kept in mind. Farming is very much a male vocation and the principal operators of census farms (whether they do the major portion of farm work or not) are almost entirely male. As such it would be more appropriate to compare incomes of census farm operators with the incomes of other males in society.

Although the average age of the farming population (as measured by the ages of census farm operators) has declined between 1970 and 1980, farmers on average are still older than the Ontario population as a whole. Comparisons of farmer and non-farmer incomes must take into account this age differential.

In this section we propose to draw as many comparisons as possible (within the limitations of the available statistics) to give a picture of the incomes of farmers in Ontario with that of provincial population as a whole. Table 7-5 compares the total incomes of males, 15 years and older who reported income in 1980 according

TABLE 7-5

TOTAL INCOME OF FARM AND NON-FARM POPULATION, 1980

	Male Population 15 years and over reporting income				Census Farm Operators		
	Urban	Rural Non-Farm	Rural Farm	Reporting Net Farm Income	Total	Occupation 'Farming'	Occupation Non-Farming
Number	2,480,150	455,630	106,665	87,310	82,450	47,250	28,855
Total Income							
Under $5,000	17.0%	18.1%	27.6%	17.8%	17.3%	NA	NA
$5,000 - $9,999	14.1	17.5	22.0	20.6	21.0		
$10,000 - $24,999	46.8	46.8	34.5	38.1	39.9		
$25,000 and over	22.1	17.6	15.9	23.5	21.8		
Average Total Income	$17,938	$16,030	$14,074	NA	$17,322	$14,616	$22,971
Average Net Farm Income				$ 5,622	$ 4,752		

Source: Statistics Canada, Census of Population Cat. 92-928
Statistics Canada, Agriculture - Population Sample Data Base

to Urban, Rural Non-farm, Rural Farm, and Individuals (regardless of domicile) who reported income from farming. The income distributions and averages show that urban males had much higher incomes than rural non-farm males who in turn had much higher incomes than rural farm males. Individuals reporting net farm income had better incomes than rural farm male residents. In fact, the income of the farmer would compare favourably with that of rural non-farm males.

The income distribution of census farm operators as a whole would be approximate to that of individuals reporting net farm income. Their average income is higher than that of rural non-farm males and comes within 5 percent of the average income of urban male residents. However, if we look at the average incomes of census farm operators according to whether their occupation (volunteered for Census of Population) is farming or non-farming, a substantial divergence emerges. Those who gave farming as their occupation had an average income of $14,616 while those who gave non-farming occupations had an average income of $22,971, a figure that is 28 percent greater than the average income of urban males. In essence then, census farm operators are made up of two distinct groups — bonafide farmers and high income individuals with a non-farm focus. The 'average census farm operator' is to a large degree a statistical abstraction.

Another way of comparing incomes of farmers with the remainder of society is employment income according to occupation. Table 7-6 compares employment income of farmers and farm managers with that of all occupations. Farmers on average received two-thirds the employment income of others and among those reporting full-time full-year employment, farmers received 54 percent of the employment income of others. Census farm operators as a whole received employment income of 80 percent of all occupations. It should be kept in mind that 57 percent of census farm operators reported farming as their occupation, 35 percent reported non-farming occupations, and the remainder made of individuals who did not report an occupation or reported not working.

TABLE 7-6

EMPLOYMENT INCOME OF FARM AND NON-FARM POPULATION, 1980

	Male Population 15 years and over		
	All Occupations	Farmers & Farm Managers	Census Farm Operators
Number Who Worked	2,672,190	54,460	82,450
Without Employment Income	2.1%	5.3%	
Employment Income			
Under $5,000	17.5	32.9	
$5,000 - $9,999	11.3	23.4	
$10,000 - $24,999	48.7	26.6	
$25,000 and over	20.4	11.7	
Average Employment Income of those With Income	$17,319	$11,432	$13,943
Full-Time, Full-year	60.2%	74.7%	
Average Employment Income of Full-time, Full-year	$21,758	$11,742	

Note: Employment income includes self-employment income

Sources: Statistics Canada, Census of Population, Cat. 92-930
Statistics Canada, Agriculture - Population Sample Data Base

TABLE 7-7

EMPLOYMENT INCOME OF POPULATION 15 YEARS AND OVER WHO WORKED IN 1980 BY OCCUPATION, ONTARIO

Employment Income	MALES All Occupations	Farmers	Farm Managers	Farm Workers	FEMALES All Occupations	Farmers	Farm Managers	Farm Workers
Number Reporting	2,672,190	46,890	7,570	69,185	2,004,445	8,370	1,985	36,440
Without Employment Income	2.1%	5.4%	4.8%	5.7%	2.7%	13.4%	8.1%	18.1%
Under $5,000	17.5	34.1	25.6	52.6	35.1	43.5	45.8	61.5
$5,000 - $9,999	11.3	23.8	21.3	17.4	23.1	19.7	27.5	14.8
$10,000 - $14,999	14.7	12.3	19.0	11.7	22.1	11.1	10.3	3.7
$15,000 - $19,999	18.4	7.5	11.8	7.3				
$20,000 - $24,999	15.6	5.1	5.8	2.7	17.0	12.4	8.3	1.9
$25,000 and over	20.4	11.7	11.8	2.2				
Average Employment Income of those With Income	$17,319	$11,222	$12,732	$ 6,522	$ 8,815	$ 7,256	$ 7,433	$ 3,594
Full-time full-year Workers	60.2%	76.0%	66.8%	27.3%	41.2%	39.7%	28.2%	11.0%
Average Employment Income of full-time full-year Workers	$21,758	$11,359	$14,439	$12,225	$13,554	$ 6,205	$10,120	$ 7,640

Source: Statistics Canada, Census of Population, Cat. 92-930

Table 7-7 compares employment incomes of farmers with others by sex. The much lower incomes earned by females compared with males is obvious. One should also note the greater proportion of males in the farming occupations compared with all occupations taken together. This would result in the narrowing of the income difference between farmers and non-farmers when sexual difference is ignored.

A measure of the bias introduced by age distribution when incomes of farmers are compared with incomes of non-farmers is shown in our examination of tax-filer returns below. Table 7-8 presents this income according to age.

TABLE 7-8

INCOMES OF FARM TAX-FILERS AND ALL TAX-FILERS BY AGE, 1983

Age	Farm Tax-filers		All tax-filers	
	Average total		Average total	
	Percent	Income	Percent	Income
Under 25	5.4	$ 9,618	18.8	$ 8,544
25 - 40	29.6	17,187	39.5	18,470
41 - 50	21.7	21,933	16.2	23,394
51 - 65	31.4	20,931	19.3	22,301
66 and over	11.9	18,090	6.3	18,533
Average Income		$19,091		$18,146

Sources: Statistics Canada, Special Tabulation
Statistics Canada, Taxation Statistics

Table 7-8 shows that farm tax-filers had an average income in 1983 that was 5 percent higher than that of all tax-filers. However, if farm tax-filers were distributed by age in the same proportion as all tax-filers, their income would have been 5 percent lower.

Farm tax-filers, of course, include not only bona-fide farmers but also many individuals whose interest in farming is minimal. Table 7-9 compares the incomes of tax-filers who reported farming as an occupation with all tax-filers in Ontario.

TABLE 7-9

INCOMES OF TAX-FILERS BY OCCUPATION, 1983

	All Tax-filers		Farmers	
	Percent Reporting	Average Income	Percent Reporting	Average Income
Wages & Salaries	75 - 80	$13,188	25 - 26	$ 2,103
Business Income	5 - 8	695	4 - 5	152
Net Farm Income	2	54	100	6,141
Investment Income	46 - 82	2,054	69 - 100	2,798
Rental Income	5	32	8	97
Taxable Capital Gains	7	126	15	368
Pension Income	10 - 27	985	13 - 27	771
Family Allowances	24	139	31	213
Unemployment Insurance	19	497	6	175
Miscellaneous Income	14	320	10	201
Total Income		$18,091		$13,018
Number Reporting	5,777,829		67,784	

Source: Revenue Canada-Taxation, Special Tabulation

Table 7-9 shows that the major contributor to the difference in income between farmers and all tax-filers results from a large disparity in employment income, i.e. wages and salaries, business income and net farm income. Farmers received more income ($1,051) from passive ownership of wealth (i.e. investment, rental and taxable capital gains) than all tax-filers. However, the income reported by the average tax-filer from this source was not insignificant. In terms of transfer payments (Pensions, family allowances and unemployment insurance) farmers received $462 less than all tax-filers in Ontario.

The question arises as to why despite the very low incomes reported by farmers as individuals, the average income of farm families are within 5 percent of the average income of all families in Ontario. As we have seen, part of the explanation lies in the fact that many widely used definitions such as census farm operator, census farm family, rural farm family, individual reporting farm income, etc. encompass a wider population with significant non-farm sources of income. An additional reason lies in the family structure of rural farm families and their level and pattern of participation in the labour force. Tables 7-10 and 7-11 show some of the demographic and employment differences.

Table 7-10 shows that rural farm families tend to be larger than urban or rural non-farm families. Among urban private households only 75 percent are occupied by census families, whereas, for rural farm private households the corresponding figure is 94 percent. This is a measure of 'grown up children who have moved out' and are, therefore, no longer contributing to the family income. Thus in a sense rural farm families have 'raised' their incomes through greater participation in employment and staying together.

Another reason for the small difference in the total income between farm families and non-farm families lies in the occupational pattern of the spouses of farmers. This is shown in Table 7-12. If we define a farm family as one in which either spouse is a farmer, then there were 73,720 farm families in Ontario. The occupation of their spouses is shown below:

TABLE 7 - 10

FARM AND NON-FARM FAMILY STRUCTURE, 1980

	Urban	Rural Non-farm	Rural Farm
Number of Private Households	2,482,865	411,920	75,000
Number of Census Families	1,858,290	349,915	70,705
Census Families/Private Households	0.75	0.85	0.94
Persons per Census Family	3.19	3.32	3.72
Persons per Private Household	2.78	3.09	3.70
Persons over 15 who worked in 1980 per Private Household	1.56	1.54	2.16
Average Income per Census Family	$ 28,621	$ 25,175	$ 25,721
Average Income per Private Household	$ 25,869	$ 23,764	$ 25,885

Source: Statistics Canada, Census of Population, Cat. 92-934, 936

TABLE 7 - II

INCOME OF POPULATION 15 YEARS AND OVER, 1980

	MALE			FEMALE		
	Urban	Rural Non-Farm	Rural Farm	Urban	Rural Non-Farm	Rural Farm
Population	2,643,295	486,470	114,590	2,836,030	470,890	98,500
Reporting Income	93.8%	93.7%	93.1%	81.4%	74.7%	72.1%
Average Income	17,938	16,030	14,074	8,881	7,443	6,520
Reporting Employment	82.6%	79.2%	90.3%	59.9%	52.6%	59.8%
With Employment Income	80.9%	77.5%	86.2%	58.5%	51.3%	51.7%
Average Employment Income	17,771	16,049	12,369	9,050	7,698	6,542
Reporting Wages & Salaries	77.1%	71.1%	51.1%	57.3%	49.3%	42.6%
Average Wages & Salaries	17,416	16,015	12,773	9,019	7,698	6,337
TOTAL INCOME ($ Million)	44,476	7,307	1,501	20,502	2,618	463
TOTAL EMPLOYMENT INCOME	38,002	6,051	1,222	15,015	1,855	333
TOTAL WAGES & SALARIES	35,493	5,539	748	14,656	1,787	266
TOTAL INCOME (100%)	100	100	100	100	100	100
TOTAL EMPLOYMENT INCOME	85	83	81	73	71	72
TOTAL WAGES & SALARIES	80	76	50	71	68	57

Note: Employment includes self-employment.

Source: Statistics Canada, Census of Population, Cat. 92-928, 929

TABLE 7 - 12
OCCUPATIONS OF FARMERS' SPOUSES, 1980

	Farmer Husband Occupation of Wife	Farmer Wife Occupation of Husband
Farming	14,785	14,785
Managerial, Administrative	1,115	1,490
Teaching	1,805	275
Medicine, Health	2,455	145
Technological, Social, Religious, Artistic	730	595
Clerical	7,005	390
Sales	1,740	575
Service	3,080	540
Other primary	40	170
Processing	600	790
Machining, Product Fabricating, Assembling and Repair	1,260	2,790
Construction	35	1,810
Transport	390	960
Other	785	890
Not in Labour Force	25,745	825
Total	61,565	26,940

Source: Statistics Canada, Census of Population, Cat. 92- 930

Farming	20%
Other Occupations	44%
Not in Labour Force	36%

Thus among farm families 44 percent of the spouses had non-farming occupations and could expect to have incomes approximate to those occupations.

From an economic point of view, changes in the value of owned assets may be described as income, albeit unrealized until the assets are sold. Changes in the value of farm assets, particularly farm land has been a topic of considerable interest in recent years. Of course farmers are not the only people who own assets or real estate. A large number of families in Ontario own their homes and these assets have also changed in value over the years. Table 7-13 compares the changes in value of farm real estate with the value of urban residential properties in Toronto, Ottawa and Guelph.

Table 7-13 does not take into account changes in the quality of properties. Over the decade, the average quality of farm real estate has improved somewhat as a result of improvements such as drainage but mainly due to the more rapid decline in census farm acreage in regions of lower agricultural productivity. On the other hand, urban residential construction is increasingly moving away from city centres and onto smaller lots. Regardless of changes in quality, owners of urban real estate experienced substantial gains in the values of their properties and in the period 1980 - 1984 did considerably better than owners of farm real estate.

In summary, the incomes of farmers and their families, improved substantially in the period 1970 to 1980, more than that of the Ontario population as a whole. However, their incomes still lag the provincial average by a wide margin. The salient feature of the 1970s is that those farmers and their families who turned to non-farm employment as their mainstay did much better income-wise than those who intensified their dependence on farming for their living.

TABLE 7 - 13

CHANGES IN THE VALUE OF FARM AND NON-FARM REAL PROPERTIES

	Index of Value of Farm Land and Buildings	Average Residential Prices		
		Toronto	Ottawa	Guelph
			- $ -	
1971	100.0	NA	NA	NA
1972	104.3	NA	NA	NA
1973	126.7	40,605	38,305	NA
1974	164.6	52,807	46,661	26,194
1975	207.8	57,583	49,633	42,321
1976	242.3	61,389	54,623	46,995
1977	267.8	64,559	57,032	49,993
1978	303.8	67,333	59,134	49,764
1979	344.3	70,831	61,897	52,672
1980	401.2	75,621	63,177	53,734
1981	441.2	90,202	64,854	54,331
1982	432.5	95,496	71,025	55,325
1983	402.3	101,631	87,618	58,223
1984	394.2	102,350	102,084	61,112
Change 73 - 84	211%	152%	167%	
Change 74 - 84	140%			133%

Sources: Statistics Canada, Farm Income Reference Handbook
Canadian Real Estate Association, 1984 Annual Report

PART III

RATE OF RETURN TO RESOURCES IN AGRICULTURE

CHAPTER 8

RELATIVE RETURNS TO COMPARABLE RESOURCES

Introduction

The assessment of relative returns to comparable resources for Ontario farm families is necessary to gain a fair picture of their income situation. Comparisons of the family incomes of farmers to other members of society are not valid unless the differences in labour and management effort and capital investment are taken into account. Typically, farmers and their families contribute larger amounts of all of these resources in earning their income than do non-farmers. The relative returns to comparable resources approach takes this into account and thus allows a fair comparison of the income of farm families in Ontario relative to what their management, labour and capital investment would potentially earn in the non-farm sector.

In September 1977 a study of Relative Rates of Resource Returns on Ontario Commercial Farms from 1971 to 1974: A comparison with Non-Farm Businesses (1) was published by J.A. Gellner and George L. Brinkman. The main finding of the study was that the overall total farm to non-farm relative returns ration was .96 for 1971 to 1974 period, indicating that overall total rates of return to resources in commercial agriculture were quite similar (96 percent) to rates of return for comparable resources in the non-farm business sector.

Today, ten years after the completion of this study, Ontario farmers are faced with every different economic environment. During the 1980s, commodity prices have been very low, interest rates have set record highs and capital asset values have seen a significant depreciation in value. Consequently, it is felt by the agriculture community that the 1971 - 1974 study no longer reflects the economic state of Ontario's agriculture.

This present study was commissioned by the Agricultural Council of Ontario to provide an update of the relative returns of Ontario farmers. More specifically, the objectives are:

1) Review the analytical framework for measuring the relative return to comparable resources in the farm and non-farm sectors;

2) Measure the relative returns to comparable resources in commercial agriculture in Ontario for the farm versus the non-farm sector for different sizes, types of farms, different regions in Ontario and over time;

The report of this study devotes about equal attention to the methodology and results. First, it provides a brief summary of the analytical framework for the study. Next, the data sources and measurement techniques are explained in the section on methodology because these are as crucial to the final outcome as the procedure. The following section presents the results of the relative returns calculations for the entire sample as well as for farm groups. This section also examines the variability of rates of return within and among farm groups and over the four-year time period of the study. In the final section, the conclusions and implications for agricultural policy are discussed.

Analytical Framework

Relative returns to comparable resources in the farm and non-farm sectors can be defined by the ratio of actual returns to resources in agriculture to the returns comparable resources would earn in the non-farm sector. The determination of relative returns in commercial agriculture in Ontario therefore involves three basic tasks:

1) Measurement of the actual returns to labour management and capital employed in commercial agriculture;
2) The development of valid non-farm standards of comparison for measuring the potential non-farm returns; and
3) The measurement of comparable non-farm earnings for the farmers' resources.

In this study three alternative measures of non-farm returns are used:

1) A self-employed non-farm business standard;
2) A wage earner-stockholder standard; and
3) A wage earner-bondholder standard.

The first comparison standard measures non-farm earnings in terms of the returns similar resources to those used by commercial farmers could earn in non-farm unincorporated businesses, i.e. what non-farm, self-employed business operators with similar age, sex, and schooling to the farmer would earn with the farmers' hours of work, monetary resources, and family labour support.

In the second non-farm comparison standard, the non-farm earnings are calculated as those that would be earned by a farmer and his family acting as employees (again with comparable age, sex and education) and investing the equivalent monetary resource as the farmer in a portfolio of stocks traded on the Toronto Stock Exchange (TSE).

The final non-farm comparison measures the farmers' labour return in the same fashion as the second measurement above but assumes the monetary resources are invested in Government of Canada Bonds instead of TSE stocks.

The farm and non-farm returns are compared in the ratio below to measure related returns to comparable resources;

$$\text{Returns Ratio} = \frac{\text{Actual Farm Returns}}{\text{Comparable Returns of Non-Farm Standard*}}$$

* either standard 1, or 2, or 3 as defined above.

A ratio of greater than 1.0 indicates that resources of farmers area earning returns in excess of what these resources would earn in the non-farm sector, while a ratio of less than 1.0 indicates that farm returns to resources are less than non-farm returns to comparable resources.

For example, in the 1971 - 1974 study, the returns ratio for commercial farms relative to non-farm businesses was .96, indicating that farmers' resources were earning 96 percent of the returns that similar resources would earn in the non-far business sector.

The returns ratio unfortunately becomes complicated and much more difficult to interpret if either the numerator (farm earnings) or the denominator (non-farm earnings) or both are negative. A negative ratio when caused by negative farm earnings, for example, indicates that farmers are losing money while others are earning positive returns. This issue will be addressed when the findings are presented in the fourth section.

Methodology

The Farm Sample

Because return considerations are generally more relevant to commercial farms, the measurements of resource returns in this study are limited to resources employed by commercial farmers. The concept of commercial farmer, however, is not readily definable. A common practice has been to define 'commercial' in terms of farm size, i.e. gross sales. In this study, gross sales of $50,000 in 1981 were used as the minimum size criterion. This does not mean that all farms with sales of less than $50,000 are non-commercial. The assumption is rather that only commercial farms would be included in the $50,000 and over sales group. This group of farmers makes up about 30 percent of all Ontario farmers and produces about 84 percent of all gross farm sales.

Time Period and Data Sources

Farm returns are measured over a four-year period from 1980 to 1983 and were calculated from a sample of 93 Ontario farms from four data sources:

* CANFARM data system,
* Ontario Farm Management Accounting Project (OFMAP);
* Ontario Dairy Farm Accounting Project (ODFAP); and
* In-person farm interviews.

A multi-year period was selected to reduce the effect of yearly income fluctuations due to annual variations in farm output and commodity prices. In addition, because the sample period includes the census year 1981, it was possible to use the distribution of farm numbers from the Census of Agriculture to determine the sample make-up. Table 1 shows the distribution of commercial farms ($50,000 or more in gross farm sales) by region, commodity and three gross farm sales categories. The study used a sampling basis of 100 farms distributed as in Table 1, (i.e., for Dairy in Southern Ontario in the small sales category, there would be 4 farms, which corresponds to a distribution of 4 percent as indicated in the table). The final sample, however, consisted of only 93 farms instead of 100 and does not include tobacco farms because we were unable to receive cooperation from the Ontario Tobacco Board in obtaining data on the seven tobacco farms needed to complete the sample of 100. Data on tobacco farms is not available from Canfarm, OFMAP or ODFAP.

Originally, it was hoped that a sample of 200 farms might be used, but insufficient data was available from established record systems for the appropriate kinds of farms needed to generate a representative sample of 200. Unfortunately, there has been a considerable decline in the use of Canfarm for record-keeping by farmers since 1975 when the previous returns study was done. As well, Canfarm only retains for more than one year the records of farmers who agree to the use of their data for research purposes. Furthermore, the number of farmers granting this permission has also declined in recent years. As well, the other data sources available, OFMAP and ODFAP, are very limited in their ability to supply time series data for individual farms because their sample base changes annually and farms tend not to be included in the sample for more than two or three years. We believe that, generally, the 93 farm sample used in the study is representative of commercial farming in Ontario and gives a fair picture of the income situation of Ontario commercial farmers.

TABLE 1. Distribution of Ontario Commercial* Farms by Region, Type, and Gross Farm Sales Level, 1981

	GROSS FARM SALES				GROSS FARM SALES			
	$50,000 -99999	$100000 -149999	$150000 & OVER	TOTAL $50,000 & OVER	$50,000 -99999	$100000 -149999	$150000 & OVER	TOTAL $50,000 & OVER
	---- number of commercial farms ----				--- percent of total commercial farms in Ontario ---			
SOUTHERN ONTARIO								
Dairy	976	471	274	1721	4%	2%	1%	8%
Cattle	275	140	389	804	1%	1%	2%	4%
Hogs	404	259	308	971	2%	1%	1%	4%
Poultry	107	96	305	508	0%	0%	1%	2%
Wheat & Grains	1608	615	579	2802	7%	3%	3%	12%
Other Fld. Crp.	623	804	615	2042	3%	4%	3%	9%
Fruit & Veg.	425	151	232	808	2%	1%	1%	4%
TOTAL	4418	2536	2702	9656	19%	11%	12%	42%
WESTERN ONTARIO								
Dairy	1612	677	362	2651	7%	3%	2%	12%
Cattle	1113	428	927	2468	5%	2%	4%	11%
Hogs	618	289	304	1211	3%	1%	1%	5%
Poultry	72	65	246	383	0%	0%	1%	2%
Wheat & Grains	426	181	201	808	2%	1%	1%	4%
Other Fld. Crp.	28	10	44	82	0%	0%	0%	0%
Fruit & Veg.	81	43	48	172	0%	0%	0%	1%
TOTAL	3950	1693	2132	7775	17%	7%	9%	34%
CENTRAL ONTARIO								
Dairy	731	267	146	1144	3%	1%	1%	5%
Cattle	173	48	105	326	1%	0%	0%	1%
Hogs	88	28	49	165	0%	0%	0%	1%
Poultry	25	16	82	123	0%	0%	0%	1%
Wheat & Grains	99	51	75	225	0%	0%	0%	1%
Other Fld. Crp.	20	22	23	65	0%	0%	0%	0%
Fruit & Veg.	74	31	51	156	0%	0%	0%	1%
TOTAL	1210	463	531	2204	5%	2%	2%	10%

* Commercial farms defined as those producing $50,000 or more gross sales in 1980.

TABLE 1. Continued.

	GROSS FARM SALES				GROSS FARM SALES			
	$50,000 -99999	$100000 -149999	$150000 & OVER	TOTAL $50,000 & OVER	$50,000 -99999	$100000 -149999	$150000 & OVER	TOTAL $50,000 & OVER
	---- number of comercial farms ----				--- percent of total comercial farms in Ontario ---			
EASTERN ONTARIO								
Dairy	1428	518	238	2184	6%	2%	1%	10%
Cattle	101	22	44	167	0%	0%	0%	1%
Hogs	41	19	36	96	0%	0%	0%	0%
Poultry	11	18	47	76	0%	0%	0%	0%
Wheat & Grains	74	30	29	133	0%	0%	0%	1%
Other Fld. Crp.	3	2	4	9	0%	0%	0%	0%
Fruit & Veg.	15	4	2	21	0%	0%	0%	0%
TOTAL	1673	613	400	2686	7%	3%	2%	12%
NORTHERN ONTARIO								
Dairy	216	111	47	374	1%	0%	0%	2%
Cattle	37	13	14	64	0%	0%	0%	0%
Hogs	11	4	1	16	0%	0%	0%	0%
Poultry	1		10	11	0%	0%	0%	0%
Wheat & Grains	10	3	2	15	0%	0%	0%	0%
Other Fld. Crp.	2	2	1	5	0%	0%	0%	0%
Fruit & Veg.	1			1	0%	0%	0%	0%
TOTAL	278	133	75	486	1%	1%	0%	2%
TOTAL ONTARIO								
Dairy	4963	2044	1067	8074	22%	9%	5%	35%
Cattle	1699	651	1479	3829	7%	3%	6%	17%
Hogs	1162	599	698	2459	5%	3%	3%	11%
Poultry	216	195	690	1101	1%	1%	3%	5%
Wheat & Grains	2217	880	886	3983	10%	4%	4%	17%
Other Fld. Crp.	676	840	687	2203	3%	4%	3%	10%
Fruit & Veg.	596	229	333	1158	3%	1%	1%	5%
TOTAL	11529	5438	5840	22807	51%	24%	26%	100%

* Comercial farms defined as those producing $50,000 or more gross sales in 1980.
Source: 1981 Census of Agriculture

Exhibit 1 Agricultural Regions of Province of Ontario

Source: Agricultural Statistics for Ontario, Ontario Ministry of Agriculture and Food, Publication 20, 1983.

EXHIBIT 2

FARM COMMODITY TYPE DEFINITIONS

Single Commodity Groups:

Defined as all farms with 50.1 percent or more of their gross farm sales from a single commodity.

1. Dairy
2. Cattle
3. Hogs
4. Poultry

Mixed Commodity Groups:

Defined as all farms with 50.1 percent or more of their gross farm sales from a mixed group of similar commodities.

5. Wheat and Grains - includes wheat, oats, barley, rye, mixed grains, buckwheat, grain corn, soyabean, sunflower, rapeseed, mustard seed.

6. Other Field Crops - includes forage, seed potatoes, sugar beets, tobacco, and other crops not mentioned elsewhere.

7. Fruit and Vegetables - includes vegetables other than potatoes, fruits and other small fruit trees.

Source: Statistics Canada.

All farmers whose data were used in the study granted written permission for use of their data, via a data release form which was mailed to them under a covering letter explaining the nature of the study and assuring the confidentiality of the farmer's data.

Subsequent to granting permission to use their data, farmers were sent a short questionnaire to find out additional data which was needed to calculate the comparable returns and which was not available for their financial statements. Data collected on the questionnaire included:

* year started farming operation;
* number of acres owned, leased out or leased in;
* amount of quota owned, leased out or leased in;
* age, sex, education and number of hours worked on the farm by the farm operator(s);
* age, sex, education and number of hours worked without pay on the farm by other family members;
* percentage of work time spend by operator and other family members in managing the farm.

Profile of the Study Sample

Table 2 presents a summary of farms in the sample. As can be seen from the table, both large and small commercial operations are included with average gross sales ranging between $136,214 in 1981 and $170,861 in 1983. The table also shows that the sample included in each year both farms with large negative net farm incomes and farms with large positive net farm incomes. Average net farm income for the sample ranged from low $2,384 in 1981 to a high of $19,597 in 1980.

Table 3a presents, for each year 1980 through 1983, the distribution by income of all the farms in the sample. As can be seen from the table, each year about 70 percent of the farms have incomes between the range of -$20,000 to $40,000. Tables 3b through 3e present the distribution of farms in each of the four commodity groups: dairy, beef, swine, and cash crop.

Table 2. Profile of Farm Sample

Year	Number of Farms	Average Gross Sales ($)	Average Net Farm Income ($)	Range of Income ($)	Average Farm Equity* ($)	Average Farm Equity* (%)
1980	93	170,861	19,597	-89,843 to 117,246	443,833	69
1981	93	137,015	2,384	-264,636 to 89,337	--	--
1982	93	141,599	18,924	-35,663 to 248,807	--	--
1983	93	136,214	8,503	-128,133 to 68,180	329,533	61

* Average Net Farm Income is calculated on an accrual basis after adjustments for income in kind and house proportion of property tax.

** Equity is calculated after assets have been adjusted to reflect current market value of land and quota.

Table 3a. Distribution of Income of All Farms in Sample (in nominal dollars)

Year	Income Category								
	Below -20,000	-20,000 to -10,000	-10,000 to 0	0 to 10,000	10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	Over 40,000	Total Farms
1980	10	8	10	8	15	14	10	18	93
1981	11	13	11	18	17	10	4	9	93
1982	12	6	7	10	16	12	13	17	93
1983	11	6	11	21	11	8	9	16	93

Table 3b. Distribution of Income of Dairy Farms in Sample (in nominal dollars)

Year	Income Category								
	Below -20,000	-20,000 to -10,000	-10,000 to 0	0 to 10,000	10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	Over 40,000	Total Farms
1980	1	1	4	3	7	9	4	6	35
1981	2	4	4	8	8	6	1	2	35
1982	4	1	2	2	9	8	6	3	35
1983	2	1	5	13	5	5	1	3	35

Table 3c. Distribution of Income of Beef Farms in Sample (in nominal dollars)

	Income Category								
Year.	Below -20,000	-20,000 to -10,000	-10,000 to 0	0 to 10,000	10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	Over 40,000	Total Farms
1980	6	4	2	2	1	1	0	1	17
1981	4	3	5	2	1	1	1	0	17
1982	2	2	4	2	1	2	0	4	17
1983	4	3	2	2	2	1	2	1	17

Table 3d. Distribution of Income of Swine Farms in Sample (in nominal dollars)

Year	Income Category								
	Below -20,000	-20,000 to -10,000	-10,000 to 0	0 to 10,000	10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	Over 40,000	Total Farms
1980	1	1	2	0	3	2	0	2	11
1981	2	3	0	1	2	2	0	1	11
1982	0	0	0	2	2	1	3	3	11
1983	3	2	2	2	0	1	0	1	11

Table 3e. Distribution of Income of Cash Crop Farms in Sample (in nominal dollars)

Year	Income Category								
	Below -20,000	-20,000 to -10,000	-10,000 to 0	0 to 10,000	10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	Over 40,000	Total Farms
1980	0	2	2	0	2	0	5	6	17
1981	2	2	2	3	4	0	2	2	17
1982	3	2	1	3	4	1	1	2	17
1983	2	0	1	2	3	1	2	6	17

Table 4 presents a profile of the farm operators and unpaid family members working on farms in the study. It is interesting to note that since the 1971 - 1974 returns study, the average education level of farm operators sampled has increased from Grade 12 to the completion of two to three years of post-secondary education. The average age of farm operators sampled dropped slightly during the ten-year period, from 42 years in the first study to 40 years in this study.

The operators reported working an average of 2,757 hours per year. Unpaid family workers reported an average of 797 hours of work per year and accounted for 18 percent of the total labour and management input.

Calculation of Farm Returns

Total returns for each farm were defined as the total of current returns and capital changes returns as defined below:

CURRENT RETURNS EQUALS

1) Net farm income as reported on the individual's records in either CANFARM, OFMAP, ODFAP, or from data gathered through in-person interviews; and
2) Supplementary estimates of income in kind received by farmers.

CAPITAL CHANGES RETURNS EQUALS

3) Capital appreciation or depreciation to real estate (excluding the farm house) and quota owned by the operator.

In this study, farmers' resources include the management and labour of the farm operators and their unpaid families who work on the farm, and the total capital (equity and borrowed) used by the operator in the farming operation.

Other labour and capital, such as hired labour and leased land or quota, were treated as production expenses and hence were reflected in the calculations as deductions from net farm income. The share of total capital represented by the farm home and any houses owned

Table 4. Profile of Farm Operators in Sample.

	Number	Percent		1980 Average Age	Average Education[1]	Average Hours Work/Year	Management Portion
		Male	Female				
Farm Operators	124	89.9	10.1	39.7	2.61	2,757	17.2
Unpaid Family Members	77	21.9	78.1	35.6	2.84	797	8.1

[1] 1 = Elementary Grades 1 to 8
2 = Secondary Grades 9 to 13
3 = Some Post-Secondary
4 = University Degree
5 = Post-Graduate Degree

and rented out by the farm operators is also not included as farm resources since they do not generate earnings to the farming operation. Because of the difficulty in separating paid family labour from hired labour, paid family labour was considered to be hired labour.

Capital appreciation and depreciation were only measured for real estate and quota. Capital value changes for other assets, such as equipment and inventories, were not included since these assets eventually depreciate to no value. Even if these assets incur short-run appreciation, their productive capability will still eventually decline to zero, and any short-run gain eventually must be offset by depreciation. Land, on the other hand, may not depreciate in its productive capacity over time if properly maintained. Real estate and quota together represent over 80 percent of the total fixed assets on the farms in the sample and thus their capital gain or loss is the major component in asset value changes.

The specific calculations for determining total farm returns are:

CURRENT RETURNS

1. Net Farm Income: Net farm income consisted of 1) farm cash receipts from the sale of agricultural products, 2) adjustments to account for accrual changes in inventories, receivables, and payables, 3) deductions for farm operating expenses, adjusted for the house share of property tax, and 4) deductions for depreciation charges.

2. Income in-Kind: Income in-kind included the value of farm produced food consumed on the farm. Average farm value of income in-kind for Ontario farms was obtained from data published by Statistics Canada. Aggregate estimates of income in-kind for 1980 to 1983 were divided by the total number of census farms in Ontario to give average per farm values. The details of the calculations and the resulting average values are given in Table 5.

Table 5. Average Income in Kind, Ontario, 1980-1983.

Year	Number of Census Farms	Total Produce Consumed	Average Produce Consumed
1980	83,750	$69,011,000	$824
1981	82,448	$70,631,000	$857
1982	82,000	$76,318,000	$931
1983	82,000	$68,124,000	$831

Source: Calculated from Statistics Canada Farm Income Handbook, May 1985.

CAPITAL CHANGES RETURNS

3. Capital Appreciation/Depreciation to Farm Real Estate and Quota:

Capital appreciation or depreciation to farm real estate was calculated only for the real estate involved in agricultural production. Farm dwellings (farm family occupied or rented houses) were not included because they represent non-business assets. Real estate capital appreciation/depreciation was calculated by multiplying the number of acres of land owned and operated on each farm by the change in average real estate values in the county or region in which the farm is located. The change in value of real estate was calculated over the period of January 1, 1980 to December 31, 1983.

For example, if a given farmer owned and operated 200 acres and average real estate values in his/her county from the beginning of 1980 to the end of 1983 overall declined by $500 per acre, the capital loss attributed to the farm over the four years would be $100,000. This method of estimating capital appreciation or depreciation is necessary because the real estate values recorded by farmers in the sample were generally not adjusted annually to reflect changes in land values.

Estimates of average annual increases or decreases in real estate values by county were based on data collected by the Ontario Ministry of Agriculture and Food and Agriculture Canada (2), and adjusted to reflect in aggregate the overall province-wide changes in value per acre reported by Statistics Canada in the farm land and building survey (3).

Capital appreciation or depreciation to quota was calculated in the same manner as farm real estate. Quota capital appreciation was calculated by multiplying the number of units of quota owned and used on each farm by the change in average quota values during the period from the beginning of 1980 to the end of 1983. Changes in quota values were obtained directly from the respective marketing boards for all quota commodities except broilers. Broiler quota values were estimated by the Farm Credit Corporation.[1]

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1 The Ontario Chicken Marketing Agency does not provide any information on their quota prices.

All incomes and capital appreciation for both farm and comparable non-farm earnings were calculated in real terms by using the GNE price deflator. Real changes in capital values are calculated by first determining the nominal asset values each year net of new capital formation and then deflating by the GNE price deflator (4). Changes in the real value of assets each year were used as the measure of real capital appreciation or depreciation.

TOTAL RETURNS

Total farm returns then equals the sum of current returns and capital appreciation/depreciation returns.

Calculation of Non-farm Returns

As previously noted, three alternative non-farm return comparisons are made: the self-employed business standard, the wage earner stockholder standard, and the wage earner-bond holder standard. As in the farm returns calculations, these returns have both a current and capital component. The calculations for each are described below.

Self-Employed Business Standard

The self-employment standard of comparison is considered in this study to be a conceptually valid measure for comparing farm and non-farm rates of return by measuring non-farm returns under conditions as close as reasonably possible to those found in agriculture. In the development of this standard, emphasis was placed on selecting a consistent and viable set of non-farm alternatives for resources used in agriculture whereby resource control was maintained by the individual operator. In the self-employment standard, comparable non-farm returns to the resources used in agriculture consist of four parts:

CURRENT RETURNS

1) Comparable non-farm earnings of farm operators, measured by the earnings of non-farm self-employed businessmen. This represents the non-farm labour, management and investment return for the farm operators; and

2) Comparable non-farm earnings of unpaid family workers, measured by the earnings of non-farm wage-earners; and

3) An adjustment in terms of current returns to capital for the difference in equity levels required to operate a non-farm business in comparison to a farm business.

CAPITAL CHANGES RETURNS

3) Non-farm capital appreciation or depreciation of assets, measured by the rates of capital value change to assets employed in non-farm businesses.

By using the earnings of non-farm self-employed businessmen in the standard, the monetary returns of both farmers and non-farm self-employed operators can be measured as a joint management, labour and investment return. Hence there is no requirement for an arbitrary allocation of returns to each factor. Both farmers and non-farm businessmen also primarily invest in their own businesses, rather than external capital markets. In addition, psychic incomes tend to be similar, as they are derived from similar conditions of business freedom and independence. Although the levels of risk between farmers and non-farm businessmen may not be strictly comparable, they should provide a reasonable comparison. The hours of work and conditions of employment likely are also quite comparable. The calculations of the components of this standard are as follows:

CURRENT RETURNS

1. Non-Farm Earnings of Farm Operators: The non-farm earnings of the farm operators were measured by the earnings of self-employed (unincorporated) full-time, full-year individuals in all non-farm occupations in Ontario. Self-employed individuals included workers whose jobs consisted mainly of employment in their own unincorporated businesses or professional practices.[1]

Because the farm operators in the sample were mainly full-time operators, only the earnings of full-time, full-year non-farm self-employed individuals were included in the standard.

Hourly non-farm self-employed earnings were tabulated from data collected in the 1981 Census of Canada and are given in Table 6. Earnings are cross-classified by level of schooling, age, and sex since these factors are important in determining level of earnings. (Note that earnings in Table 6 vary significantly with level of schooling.)

Given the characteristics of each operator, the expected non-farm hourly rate of self-employed earnings can be calculated from Table 6. For example, a 40 - year-old male farm operator with high school education would receive $6.24 per hour on average as an individual employed in his own non-farm business. This rate multiplied by the annual hours of work[2] reported would yield the total expected earnings for the operator working in his own unincorporated non-farm business.

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[1] Self Employed individuals who were incorporated were not included in the sample of self-employed businessmen as these operators receive their income as wages/salaries or dividends rather than as business income.

[2] To some extent, the response to the questionnaire indicated a tendency for farmers to overstate hours of work as individual farmers reported as many as 5824 hours. This represents the equivalent of working from 6 a.m. to 10 p.m. every day of the year, allowing no time for meals, days off, church, sickness, shopping, visiting with friends, vacations, or even days when work was impossible because of rain.

The data in Table 6 relate to self-employed earnings in 1980. To obtain earnings for all years in the 1981 to 1983 sample period, data were indexed forward on the basis of changes in average business earnings in Ontario, as calculated from business tax returns. The index for business earnings which was calculated from Revenue Canada income tax statistics are given in the columns under business earnings in Table 7.

As noted earlier, hourly self-employed earnings are tabulated from 1981 Census data. In the census, earnings from non-farm self-employment in 1980 were reported for all individuals over the age of 15 years. Also reported were data on the number of weeks worked and the usual number of hours worked per week. Total employment earnings for the year were divided by the estimate of total hours worked to arrive at an hourly earning rate.

The highest category on the Census questionnaire for hours worked per week was "50 hours or more". For this study, 60 hours was selected as the upper limit of this category to facilitate the calculation of total hours. The hourly non-farm earnings therefore were based on a maximum of 60 hours of work per week. Accordingly to maintain consistency in the farm to non-farm returns comparisons, the hours of work of farm operators were also limited to a maximum of 60 hours per week.

2. Non-farm Earnings of Unpaid Family Labour: Comparable non-farm earnings of unpaid farm family workers not participating in management decisions (non-operators) were measured by 1) the earnings of full-time full-year wage earners in all non-farm occupations in Ontario for unpaid family members working 35 hours a week or more on the farm, and 2) by the earnings of part-time wage earners in all occupations for unpaid family members working less than 35 hours per week on the farm (Tables 8 and 9). Wage earners included individuals who worked for wages, salaries, tips or commissions. Hourly wage earnings were calculated from 1981 Census data using the same procedure applied to self-employment earnings. Given the age, sex, level of schooling and hours worked (i.e., full-time or part-time) of each unpaid family worker,

Table 6 Population 15 years and over who are self-employed (unincorporated) and who have worked full-time*, full year in 1980 in all occupations except farming showing average hourly self-employment earnings by sex, age and level of schooling, for Ontario from the 1981 census.

	Male					Female				
	Level of Schooling					Level of Schooling				
Age	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree
15-19	0.97	4.30	6.24	--	--	0.74	2.31	5.18	--	--
20-24	4.62	3.85	4.68	3.65	2.69	1.80	5.59	6.42	3.32	0.89
25-34	5.73	6.04	5.77	9.38	14.83	2.02	3.63	3.98	6.99	8.98
35-44	6.32	6.24	6.71	14.47	20.97	4.20	3.93	3.87	6.81	12.82
45-54	6.00	7.24	7.88	20.27	21.51	3.49	3.91	3.50	6.32	11.15
55-64	5.27	6.34	6.20	14.72	20.46	2.91	4.52	3.57	4.18	16.83
65	3.55	4.97	6.38	19.80	13.02	1.68	3.08	2.29	3.97	6.98
Total	5.73	6.23	6.53	13.70	19.08	3.32	3.96	3.88	6.59	11.35

* Full-time indicates full weeks of work rather than part weeks and full year indicates at least 40 weeks of work per year.

Source: 1981 Census of Canada, Special Tabulation.

comparable hourly non-farm earnings can be determined from these tables. Wage earnings were indexed forward for the years 1981 to 1983 by employing indexes of employment earnings given in the last two columns of Table 7.

The allowable hours of work for calculating comparable non-farm earnings of unpaid family workers were limited to a maximum of 40 hours per week because it was felt that they normally would have difficulty finding non-farm jobs that would permit them to work as many hours as on the farm, particularly on their own work schedule. Furthermore, to work the same number of hours, most would have to take part-time supplementary jobs at reduced rates of pay.

In summary, the comparable non-farm earnings for a farm worker in a given year were determined by selecting the appropriate rate of earnings, applying the appropriate index and multiplying by the numbers of hours of work reported by the individual. The summation of comparable non-farm earnings for all farm operators and unpaid family workers yielded the total non-farm labour, management and investment earnings for the self-employment standard.

3. Equity Differential Adjustment: The average equity levels on commercial farms are greater than the average equity levels of non-farm unincorporated business. Farm operators in the sample had an average equity of 69 percent in 1980 while unincorporated businesses in general have an equity level around 30 percent (5). This means that farm operators are using a higher percentage of their own capital (instead of borrowed capital) than small business operators are. Consequently, farmers should be expected to earn a higher return than small businesses to account for the farmers' higher equity investment. To adjust for this difference in equity capital, we have added to the current portion of non-farm returns an additional level of income equivalent to the difference in dollars of equity invested between farmers and businessmen multiplied by the average four-year bond rate (about 11 percent). For example, if a farmer had $100,000 more equity than the average non-farm unincorporated businessmen, the farmer's comparable non-farm earnings would be increased by about $44,000 (in nominal dollars).

Table 7. Changes in Business and Employment Earnings in Ontario, 1980 to 1983.

Year		Business Earnings	Employment Earnings
1980 Average/Taxfiler	($)	11,214	15,698
Change	(%)	--	--
1981 Average/Taxfiler	($)	12,501	17,507
Change	(%)	11.5	11.5
1982 Average/Taxfiler	($)	12,217	19,350
Change	(%)	-2.3	10.5
1983 Average/Taxfiler	($)	12,371	20,375
Change	(%)	0.8	5.3

Source: Taxation Statistics, Revenue Canada, 1980 to 1983.

Table 8 Population 15 years and over who are wage earners and who have worked full-time*, full year in 1980 in all occupations except farming showing average hourly employment earnings by sex, age and level of schooling, for Ontario from the 1981 census.

	Male					Female				
	Level of Schooling					Level of Schooling				
Age	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree
15-19	4.03	4.53	4.84	6.32	10.93	3.39	4.02	4.04	6.89	9.43
20-24	5.55	6.11	6.39	6.90	6.21	3.41	4.78	5.26	6.09	6.36
25-34	7.03	8.16	8.91	10.61	11.24	4.48	5.86	6.77	8.92	9.46
35-44	8.13	9.58	10.79	14.35	15.02	4.76	6.27	7.46	11.48	12.38
45-54	8.11	10.31	11.58	17.61	18.08	4.89	6.32	7.54	12.30	12.96
55-64	7.50	9.36	10.90	17.17	17.90	4.89	6.03	7.63	13.13	13.28
65	4.86	7.86	7.91	13.19	11.30	3.14	4.80	4.87	5.52	7.79
Total	7.66	8.63	9.75	13.07	14.56	4.70	5.75	6.81	9.68	10.90

* Full-time indicates full weeks of work rather than part weeks and full year indicates at least 40 weeks of work per year.

Source: 1981 Census of Canada, Special Tabulation.

Table 9 Population 15 years and over who are wage earners and who have worked part-time, in all occupations except farming, showing average hourly employment earnings by sex, age and level of schooling, for Ontario from the 1981 census.

	Male					Female				
	Level of Schooling					Level of Schooling				
Age	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree
15-19	2.77	3.63	3.62	2.56	--	2.92	3.36	3.21	3.72	--
20-24	4.15	4.55	4.50	4.40	4.13	2.44	3.62	3.87	4.11	4.60
25-34	5.30	6.37	9.63	6.70	5.87	4.37	4.83	6.46	8.07	8.21
35-44	6.98	7.66	7.88	13.55	9.23	4.98	5.53	7.86	11.61	10.93
45-54	6.66	8.64	8.41	10.30	19.75	4.68	6.03	6.98	9.95	13.06
55-64	7.17	7.49	8.63	13.97	23.43	4.44	5.08	6.46	8.78	9.15
65	5.04	6.67	6.93	11.25	11.77	3.07	4.00	5.05	6.38	9.33
Total	5.81	4.34	5.65	7.09	9.23	4.42		5.94	8.03	9.10

Source: 1981 Census of Canada, Special Tabulation.

CAPITAL CHANGES RETURNS

4. Non-farm Capital Appreciation or Depreciation: Changes in non-farm capital values for the self-employment standard were measured by the rates of capital appreciation or deprecation of assets employed in all Canadian industries as reported by Statistics Canada. Nominal rates of change in the value of capital assets in all industries were first calculated by comparing aggregate estimates of net fixed capital assets less net fixed capital formation for successive years in the sample period. Explanations of the above terms and the estimated value of nominal capital appreciation/depreciation are given in Table 10.

Rates of changes in nominal business asset values as shown in Table 10 are applied to the total 1980 farm real estate and quota values to calculate the changes in the value of those business assets having the same initial 1980 value as the farmers' real estate, buildings and quota. These non-farm asset values were then deflated by the GNE price deflator to calculate real capital appreciation or depreciation for the self-employment standard.

TOTAL RETURNS

Current Returns composed of Farm Operators' Non-Farm Earnings, Family Non-Farm Earnings and Equity Differential Adjustment are then added to Capital Returns composed of Non-Farm Capital Appreciation/Depreciation to get total returns for the self-employed standard.

Wage Earner Stockholder Standard

The wage earner-stockholder standard considers the comparison of returns to an employed individual who invests his/her capital resources in a portfolio of stocks traded on the TSE. This is a conceptually valid comparison since stocks will receive both a current return (through dividends) and capital appreciation or depreciation from the rise or fall in the price of stocks. The calculations of the current and capital components of this standard are as follows.

Table 10. Capital Gains to Fixed Capital Assets, 1980 to 1983.

Year	[1] End of Year Net Fixed Assets[a] ($ Million)	[2] Net Fixed Capital Formation[b] ($ Million)	[3] Appreciated Value, i.e. [1] - [2] ($ Million)	Percent Change, i.e. [3]/[1] of Previous Year Yearly (%)	Cumulative (%)
All Industries					
1979	551,402.9	--	--		
1980	636,808.9	25,563.7	611,245.2	10.9	10.9
1981	727,574.4	31,823.4	695,751.0	9.3	21.2
1982	793,519.2	27,659.0	765,860.2	5.3	26.5
1983	857,659.6	19,930.9	837,728.7	5.6	32.1
Manufacturing Industries					
1979	86,579.4	--	--		
1980	100,516.3	3,506.9	97,009.4	12.0	12.0
1981	115,126.8	5,437.3	109,689.5	9.1	21.1
1982	124,500.8	3,281.7	121,219.1	5.3	27.4
1983	129,191.5	225.5	128,966.0	3.6	30.0

Source: Fixed Capital Flows and Stocks, Statistics Canada, Cat. No. 13-211.

[a] Net Fixed assets equal gross assets less deductions for losses in value through physical deterioration and obsolescence.

Gross assets equal the cumulative value of gross investment in capital goods less cumulative discards. Gross assets are revalued annual to reflect current market prices.

[b] Net fixed capital formation equals fixed capital formation less capital consumption allowances.

Gross fixed capital formation equals the value of new capital goods purchased by industries.

CURRENT RETURNS

1. Non-farm Labour and Management Earnings for Operators: The non-farm labour earnings of operators are measured as a weighted average of wages for full-time wage earners in manufacturing industries (Table 11) and wages for full-time wage earners in managerial occupations (Table 12). The weighting is based on the percentage division of time between labour and management activities reported by the individual farm operators.

The earnings of individuals in manufacturing occupations and managerial occupations are computed from the 1981 Census data following the same procedures used for self-employment earnings as previously discussed.

As in the previous case with wage earners, the basic hourly earnings of wage earners calculated from the 1981 Census are indexed through to 1983 on the basis of the annual percentage change in average employment earnings per employment tax return, calculated from Revenue Canada taxation statistics. An index of this rate of change is provided in Table 7.

In the wage earner-stockholder standard, hours of work are limited to a maximum of 40 per week for the farm operators. Non-farm managers or wage earners could not normally work and be paid for as many hours as worked by self-employed individuals, nor be paid at the full-time rate for supplementary jobs generally needed to be employed over 40 hours per week.

2. Unpaid Family Labour: Unpaid labour is calculated in the exact same manner as under the non-farm self-employment business standard of comparison.

3. Current Returns to Investment: The current return to capital in the wage earner-stockholder standard is measured by dividend yields of stocks traded on the Toronto Stock Exchange (TSE). Average dividend yield per year and the yearly stock price for the TSE 300 stock index are given in Table 13. The dividend yield and price index thus represent the average yield from a portfolio

Table 11 Population 15 years and over who are wage earners and who have worked full-time*, full year in 1980 in manufacturing occupations showing average hourly employment earnings by sex, age and level of schooling, for Ontario from the 1981 census.

	Male					Female				
	Level of Schooling					Level of Schooling				
Age	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree
15-19	4.22	4.66	4.95	--	--	3.53	4.00	3.00	--	--
20-24	6.09	6.35	6.43	6.94	9.51	3.60	4.43	4.39	5.52	--
25-34	7.16	8.00	8.44	9.34	8.28	4.47	5.07	5.11	6.08	4.70
35-44	8.13	8.98	9.48	9.31	10.17	4.82	5.41	5.53	5.15	4.67
45-54	8.19	9.37	10.07	12.16	12.36	4.98	5.93	5.31	7.89	3.62
55-64	7.71	8.64	9.18	11.22	23.41	4.79	5.27	5.75	4.29	--
65	5.00	6.46	7.53	6.99	8.96	2.77	4.41	4.24	2.13	--
Total	7.79	8.07	8.70	9.51	10.75	4.74	5.16	5.17	5.82	4.68

* Full-time indicates full weeks of work rather than part weeks and full year indicates at least 40 weeks of work per year.

Source: 1981 Census of Canada, Special Tabulation.

Table 12 Population 15 years and over who are wage earners and who have worked full-time*, full year in 1980 in managerial occupations showing average hourly employment earnings by sex, age and level of schooling, for Ontario from the 1981 census.

	Male					Female				
	Level of Schooling					Level of Schooling				
Age	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree	Less than Grade 9	Grades 9 to 13	Some University	Diploma or Bachelor Degree	Post-Grad. or Professional Degree
15-19	2.37	3.43	4.21	2.57	--	0.21	4.77	5.82	13.33	9.43
20-24	4.64	5.66	6.20	6.09	7.64	1.83	5.10	5.70	6.53	6.01
25-34	7.59	9.52	10.19	11.23	12.77	5.59	7.20	7.69	9.23	9.87
35-44	10.66	11.86	13.03	16.28	17.35	6.13	8.22	8.63	11.35	11.88
45-54	9.80	13.93	14.61	21.08	20.37	6.35	8.44	9.00	11.99	14.12
55-64	9.80	13.15	14.63	20.57	20.26	6.96	8.38	9.65	12.25	15.34
65	8.78	14.48	10.87	21.08	13.41	2.71	6.71	8.86	4.02	10.41
Total	9.70	11.92	12.47	15.36	16.90	6.08	7.62	8.20	9.62	11.37

* Full-time indicates full weeks of work rather than part weeks and full year indicates at least 40 weeks of work per year.

Source: 1981 Census of Canada, Special Tabulation.

Table 13. Dividend Yield and Rates of Capital Gain in Common Stocks for TSE Index.

Year	Average Dividend Yield	Stock Price Index*
1979	3.99	1,813.17
1980	3.66	2,268.70
1981	4.49	1,954.20
1982	4.03	1,958.10
1983	3.22	2,552.40

* Based on closing price, last trading day in December.

Source: Toronto Stock Exchange.

of stocks, rather than yields for speculative and higher risk trading. These data were obtained directly from the Toronto Stock Exchange.

The annual investment returns are then calculated by multiplying the farm operator's investment in real estate and quota by the average dividend rate for the year to obtain gross current returns on capital. From this gross level is subtracted the interest costs of borrowing the non-equity portion equivalent of the farmers' capital to derive the net current return to capital. This calculation is made to account for the fact that the farmer invests both his equity and non-equity capital, but his income only includes the net return after deducting interest costs on his debt capital.

The investment returns are then combined with labour and management earnings of the farm operator and other unpaid family members to complete the current return component of the wage earner-stockholder standard.

CAPITAL CHANGES RETURNS

4. Non-farm Capital Appreciation or Depreciation: Real capital appreciation/depreciation is calculated in a similar fashion as in the self-employed standard, only using changes in the average capital value of stock (as measured by the TSE 300 index) rather than changes in direct business assets.

TOTAL RETURNS

Real capital appreciation/depreciation are then added to real labour, management and capital returns to calculate the overall wage earner-stock holder standard.

Wage Earner Bondholder Standard

This standard of comparison is made primarily because it is most likely to represent the average Canadian citizen who works and prefers to invest his/her savings in lower risk, interest-earning bonds.

CURRENT RETURNS

1. Non-farm Earning of Farm Operators and Unpaid Family Labour: The earnings for both operators and unpaid family members for the wage earner-bondholder standard are calculated in the exact same manner as under the wage earner-stockholder standard.

2. Investment Returns to Investment: In this comparison standard, farm operators are assumed to invest only the equity amount of the capital value of their real estate and quota in interest earning Government of Canada bonds. Only the equity portion is used since it would be highly unusual for individuals to borrow funds for investment in savings bonds.

The bond interest rate used for this comparison is calculated from the Bank of Canada reported average bond yields for 3 - 5 year bonds (6). In this case we have assumed the bondholder would buy and hold the bond for a fixed four-year period just as a farm operator must make a fixed term investment of several years in his farming operation (and is unable to flip investments on a yearly basis).

The interest rate is calculated as the average 3 to 5 year bond yield for the seven-year period from 1977 through 1983 to account for the possibility of entering into the fixed bond previous to 1980 when the study period begins.

CAPITAL CHANGED RETURNS

3. Non-farm Capital Appreciation or Depreciation: Capital appreciation or depreciation also must be considered in the bond market. In our comparison we assume bonds will be held to maturity to earn interest and therefore will not change in nominal value. In real terms, however, bond values will decline by the rate of inflation. As a consequence, we have calculated the real capital depreciation to bonds by dividing the equity value of the farmers' real estate and quota assets by the GNE Index each year.

In each of the three non-farm standards of comparison -self-employed businessmen, wage earner-stockholder and wage earner-bondholder — the non-farm opportunity cost of agricultural resources were

measured from a long run rather than a short run viewpoint. The long run viewpoint considers opportunity costs in terms of comparable non-farm earning possibilities based on the assumption of appropriate long run training and experience. The short-run viewpoint, on the other hand, considers non-farm opportunity costs in terms of non-farm earning possibilities based upon the immediate transfer of resources from farm to non-farm employment. The distinction perhaps can be demonstrated as follows: The long-run comparison views the opportunity costs of the 50 year old farmer in terms of the earnings he could expect if 30 years ago he had entered some other occupation. The short-run viewpoint considers the non-farm opportunity costs of a 50 year old farmer in terms of what he could earn today if he had to cease farming and find employment in the non-farm sector. No doubt, both of these have relevance to efficiency questions. However, in this study, opportunity costs of labour resources in agriculture were examined from the long-run perspective to reflect the earnings of non-farmers with similar experience and training in their job to what the farmer has in his. By using the long-run perspective it can be assumed that resource adjustment can occur between the farm and non-farm sectors or within the agricultural sector itself.

Generally, opportunity costs are higher in the long run than in the short run. Short-run opportunity costs imply that resources must take whatever employment is available to them, whereas long-run opportunity costs imply that adjustments such as retraining can occur. In measuring the rates of return position of resources in agriculture therefore, long run opportunity costs give farm labour resources the benefit of the highest possible non-farm earnings.

Alternative Methods of Non-Farm Returns Calculations

In order to test the sensitivity of this farm to non-farm returns model, several additional runs of data were made with some adjustments in the model assumptions. The first alternative approach varied from the original in two ways:

1) Farm operators and farm families are assumed to be able to work in a maximum of 50 hours instead of 40 hours in the non-farm sector; and

2) Capital asset appreciation/depreciation for the self-employed non-farm business standard is calculated using capital value changes for manufacturing industries only, instead of all industries (See Table 9).

The results of these model runs are found in Appendix A.

The second alternative approach differs from the original in the area of land values. In this version, the farm real estate is valued at the 1975 levels to begin with and then is allowed to appreciate or depreciate at the 1980 through 1983 percentage rates.

Study Findings

Overview

At this point, it is important to reiterate that these findings compare the farm businesses' actual returns over the four-year period to the returns the farm businesses' resources would have earned in three non-farm situations during the same time period. It does not show what farm families earned relative to what the average Ontario non-farm family earned during the 1980 to 1983 period.

Furthermore, it should be recognized that these findings are meant to reflect relative positions, not precise "to the dollar" returns. The study findings should be seen as an indication of whether the farm resources did "as well, nearly as well, poorly or very poorly" when compared with how they would have performed in the non-farm sector.

Overall Results:

Table 14 summarizes the findings for all farms in the study. The table shows that the average total return over the four-year period was - $24,735 (in 1979 constant dollars)[1] for the 93 farms in the

[1] All values discussed are in constant 1979 dollars.

sample. The three standards of comparison, self-employed businesses, wage earner/stockholder, and wage earner/bondholder, each showed positive total returns of over $100,000 during the same time period.

The total farm return of - $24,735 (Item c) is composed of a positive operating income of $49,408 (Item a) and a loss from capital depreciation of - $74,143 (Item b). An overall operating income of only $49,408 means that, on average, farm businesses contributed just over $12,000 per year to their family's income. The negative return from capital depreciation reflects the real decline in land values that occurred over the 1980 to 1983 period and results in a decline in the equity portion of the farm business.

Under the self-employed business standard, the farm business resources would have earned a current return of $162,336 (Item a) or $112,928 above the current return they earned in the farm sector. Although the farm business resources would have earned a negative return of - $14,464 (Item b) from capital depreciation in the self-employed business situation, this is still $59,679 ahead of the farm business. Overall, as shown in Table 14, the returns in the self-employed business standard would have been $172,607 greater than in the farm sector during this time period.

When expressed as a return ration of -.17 (-$24,735 - 147,872), the comparison shows that the farm business lost about 17 percent of what the self-employed business standard made.

In the second comparison standard, wage-earner/stockholder, the current non-farm income earned by the farm businesses' resources would have been $104,216 (Item a). This is $54,808 more than they earned in the farm business during the same time period. Similarly, while in capital returns, the farm business lost $74,143 (Item b) from capital depreciation, the wage-earner/stockholder gained $9,577 (Item b), making a difference of $83,719 to the benefit of the wage-earner/stockholder. Overall, under this standard of comparison, the wage-earner/stockholder standard earned $138,527 more than the farm business did from equivalent resources.

Table 14 Actual and Relative Returns Summary for all farms
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	443833									
Beginning Fixed Assets	464368									
Ave. Farm Percent Equity	69									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		19597	2384	18924	8503	49408(a)				
Asset Appreciation: Real Estate		8537	-26427	-51780	-30863	-100533				
Quota		9710	-6331	15682	7330	26390				
Total Appreciation		18247	-32759	-36097	-23533	-74143(b)				
TOTAL RETURNS		37844	-30375	-17173	-15030	-24735(c)				
Self-employed Businessman										
Operator(s) Income		20540	20993	18914	18562	79009				
Other Family Income		3399	3440	3560	3775	14175				
Adj. for Equity Differential		19456	17615	16357	15723	69152				
Total Current Income		43396	42049	38831	38061	162336(a)	-112928			
Change in Value of Bus. Capital		-235	-4012	-11605	1388	-14464(b)		-59679		
TOTAL RETURNS		43161	38037	27226	39449	147872(c)			-172607	-.17
Wage-Earner/Stock-holder										
Operator(s) Income		21090	21621	21804	22059	86574				
Other Family Income		3399	3440	3560	3775	14175				
Dividends (TSE 300)		13223	18354	12861	9778	54217				
Less Interest on Debt		10398	14330	14578	11443	50749				
Dividends net of Interest		2825	4024	-1717	-1664	3467				
Total Current Income		27314	29084	23647	24170	104216(a)	-54808			
Stock Appreciation (TSE 300)		48568	-94510	-23295	78814	9577(b)		-83719		
TOTAL RETURNS		75882	-65426	353	102983	113793(c)			-138527	-.22
Wage-Earner/Bond-holder										
Operator(s) Income		21090	21621	21804	22059	86574				
Other Family Income		3399	3440	3560	3775	14175				
Interest on Four-year Bonds		30821	30985	31948	34100	127853				
Total Current Income (4-year)		55310	56045	57312	59934	228602(a)	-179194			
Devaluation of Four-year Bonds		-48273	-29335	-22260	-12451	-112320(b)		38177		
TOTAL RETURNS (4-year bonds)		7036	26711	35052	47483	116282(c)			-141017	-.21

In ratio terms at -.22, this means that overall farm businesses lost about one-fifth of what the wage-earner/stockholder made.

The final returns comparison between farm businesses and the wage-earner/bondholder standard shows a similar patter as the previous two non-farm comparisons. In this case, the wage-earner/bondholder is $179,194 ahead of the farm business in current returns with a current return of $228,602 (Item a) compared to the farm businesses' current return of $49,408 (Item a). In this comparison, however, the wage-earner/bondholder suffered greater capital depreciation losses than the farm business did. While the farm business has a -$74,143 capital depreciation loss, the wage-earner/bondholder had a -$112,320 capital depreciation loss, putting the farm business $38,177 ahead in the capital change portion of returns.

Overall, in total returns, the farm business was still $141,017 behind the wage-earner/bondholder standard. The ratio of -.21 for this comparison shows that farm business lost about one-fifth of what the wage-earner/bondholder comparison would have made with the same resources.

Results by Commodity, Region and Size Category

When the returns results are examined by commodity groups (Tables 15 to 18), it is apparent that there are considerable differences in returns among the commodity groups.[1] As shown by Table 15, dairy farms had overall returns ratios ranging from .54 to .65 when compared to the returns of the three non-farm standards.

This means that, on average, dairy farms earned from about one-half to two-thirds as much as would have been earned under the three non-farm standards with the same resources. The higher returns

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[1] To maintain farmer confidentiality, data for poultry and fruit and vegetable farms cannot be released.

Table 15 Actual and Relative Returns Summary for Dairy
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of farm to Non-farm Total Returns
Beginning Equity	267788									
Beginning Fixed Assets	254338									
Ave. Farm Percent Equity	75									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		21849	9050	14000	7407	52305(a)				
Asset Appreciation: Real Estate		7570	-11797	-23581	-13774	-41582				
Quota		23600	-17151	38162	14985	59597				
Total Appreciation		31170	-28947	14581	1211	18015(b)				
TOTAL RETURNS		53019	-19897	28581	8617	70321(c)				
Self-employed Businessman										
Operator(s) Income		22844	23211	20765	20911	87730				
Other Family Income		3041	3105	3276	3612	13034				
Adj. for Equity Differential		10316	9340	8672	8336	36664				
Total Current Income		36201	35655	32713	32860	137428(a)	-85123			
Change in Value of Bus. Capital		-124	-2120	-6131	733	-7642(b)		25657		
TOTAL RETURNS		36076	33536	26582	33593	129787(c)			-59466	.54
Wage-Earner/Stock-holder										
Operator(s) Income		21392	22088	22242	22834	88557				
Other Family Income		3041	3105	3276	3612	13034				
Dividends (TSE 300)		6986	9697	6795	5166	28644				
Less Interest on Debt		5440	7498	7627	5987	26552				
Dividends net of Interest		1546	2199	-832	-821	2092				
Total Current Income		25979	27393	24686	25625	103683(a)	-51378			
Stock Appreciation (TSE 300)		25660	-49933	-12307	41640	5060(b)		12955		
TOTAL RETURNS		51639	-22540	12379	67265	108743(c)			-38422	.65
Wage-Earner/Bond-holder										
Operator(s) Income		21392	22088	22242	22834	88557				
Other Family Income		3041	3105	3276	3612	13034				
Interest on Four-year Bonds		16320	16407	16917	18056	67700				
Total Current Income (4-year)		40753	41600	42435	44502	169290(a)	-116985			
Devaluation of Four-year Bonds		-25561	-15533	-11787	-6593	-59474(b)		77489		
TOTAL RETURNS (4-year bonds)		15192	26067	30648	37909	109816(c)			-39495	.64

Table 16 Actual and Relative Returns Summary for Beef
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	494579									
Beginning Fixed Assets	510615									
Ave. Farm Percent Equity	63									
Ave. Farm Percent Land & Quota of Fixed Assets	81									
Farm Returns										
Operating Income		-10493	-19791	25218	-1457	-6523(a)				
Asset Appreciation: Real Estate		30184	-31836	-71897	-42720	-116270				
Quota		228	267	370	542	1408				
Total Appreciation		30412	-31569	-71527	-42178	-114862(b)				
TOTAL RETURNS		19919	-51360	-46309	-43635	-121385(c)				
Self-employed Businessman										
Operator(s) Income		19763	19961	18342	17744	75810				
Other Family Income		2296	2297	2358	2471	9422				
Adj. for Equity Differential		20966	18982	17626	16943	74518				
Total Current Income		43025	41240	38327	37159	159751(a)	-166274			
Change in Value of Bus. Capital		-279	-4758	-13764	1646	-17154(b)		-97708		
TOTAL RETURNS		42746	36482	24563	38805	142596(c)			-263982	-.85
Wage-Earner/Stock-holder										
Operator(s) Income		20620	21678	22175	22276	86749				
Other Family Income		2296	2297	2358	2471	9422				
Dividends (TSE 300)		15682	21768	15254	11597	64302				
Less Interest on Debt		15439	21278	21646	16990	75353				
Dividends net of Interest		244	490	-6392	-5393	-11051				
Total Current Income		23160	24465	18141	19354	85120(a)	-91643			
Stock Appreciation (TSE 300)		57603	-112091	-27628	93474	11358(b)		-126220		
TOTAL RETURNS		80763	-87626	-9487	112828	96478(c)			-217864	-1.26
Wage-Earner/Bond-holder										
Operator(s) Income		20620	21678	22175	22276	86749				
Other Family Income		2296	2297	2358	2471	9422				
Interest on Four-year Bonds		34444	34628	35704	38110	142886				
Total Current Income (4-year)		57361	58602	60237	62856	239057(a)	-245580			
Devaluation of Four-year Bonds		-53949	-32784	-24877	-13915	-125525(b)		10664		
TOTAL RETURNS (4-year bonds)		3412	25818	35360	48941	113531(c)			-234916	-1.07

Table 17 Actual and Relative Returns Summary for Swine
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	320819									
Beginning Fixed Assets	382389									
Ave. Farm Percent Equity	12									
Ave. Farm Percent Land & Quota of Fixed Assets	52									
Farm Returns										
Operating Income		14405	-6826	26953	-12531	22001(a)				
Asset Appreciation: Real Estate		29952	-19665	-49727	-29576	-69016				
Quota		2408	-2234	4574	1011	5758				
Total Appreciation		32359	-21899	-45153	-28565	-63258(b)				
TOTAL RETURNS		46765	-28725	-18200	-41096	-41257(c)				
Self-employed Businessman										
Operator(s) Income		17398	18140	16058	15630	67226				
Other Family Income		3735	3766	3948	4276	15724				
Adj. for Equity Differential		16275	14735	13683	13152	57845				
Total Current Income		37408	36641	33688	33059	140796(a)	-118795			
Change in Value of Bus. Capital		-182	-3103	-8976	1074	-11187(b)		-52070		
TOTAL RETURNS		37226	33538	24712	34132	129609(c)			-170865	-.32
Wage-Earner/Stock-holder										
Operator(s) Income		19340	19403	19431	19545	77718				
Other Family Income		3735	3766	3948	4276	15724				
Dividends (TSE 300)		10227	14196	9948	7563	41935				
Less Interest on Debt		6236	8595	8744	6863	30438				
Dividends net of Interest		3991	5601	1204	700	11497				
Total Current Income		27066	28770	24583	24521	104939(a)	-82938			
Stock Appreciation (TSE 300)		37566	-73101	-18018	60960	7407(b)		-70665		
TOTAL RETURNS		64632	-44331	6565	85481	112346(c)			-153603	-.37
Wage-Earner/Bond-holder										
Operator(s) Income		19340	19403	19431	19545	77718				
Other Family Income		3735	3766	3948	4276	15724				
Interest on Four-year Bonds		25065	25198	25982	27732	103977				
Total Current Income (4-year)		48140	48367	49360	51553	197420(a)	-175419			
Devaluation of Four-year Bonds		-39258	-23857	-18103	-10126	-91344(b)		28087		
TOTAL RETURNS (4-year bonds)		8881	24510	31257	41427	106075(c)			-147332	-.39

Table 18 Actual and Relative Returns Summary for CashCrop
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	932595									
Beginning Fixed Assets	964205									
Ave. Farm Percent Equity	87									
Ave. Farm Percent Land & Quota of Fixed Assets	81									
Farm Returns										
Operating Income		49149	9116	18120	21493	97879(a)				
Asset Appreciation: Real Estate		-25623	-62801	-103651	-62456	-254531				
Quota		0	0	0	0	0				
Total Appreciation		-25623	-62801	-103651	-62456	-254531(b)				
TOTAL RETURNS		23527	-53685	-85531	-40963	-156653(c)				
Self-employed Businessman										
Operator(s) Income		14408	14528	12860	12314	54110				
Other Family Income		6661	6716	6726	6724	26827				
Adj. for Equity Differential		44099	39926	37074	35637	156736				
Total Current Income		65168	61169	56660	54675	237672(a)	-139793			
Change in Value of Bus. Capital		-487	-8321	-24070	2879	-30000(b)		-224532		
TOTAL RETURNS		64680	52848	32589	57555	207672(c)			-364325	-.75
Wage-Earner/Stock-holder										
Operator(s) Income		17197	17340	17365	17361	69263				
Other Family Income		6661	6716	6726	6724	26827				
Dividends (TSE 300)		27426	38069	26676	20282	112452				
Less Interest on Debt		16053	22124	22507	17666	78350				
Dividends net of Interest		11373	15945	4169	2616	34102				
Total Current Income		35231	40000	28260	26701	130192(a)	-32313			
Stock Appreciation (TSE 300)		100737	-196027	-48316	163470	19864(b)		-274395		
TOTAL RETURNS		135968	-156027	-20057	190171	150055(c)			-306708	-1.04
Wage-Earner/Bond-holder										
Operator(s) Income		17197	17340	17365	17361	69263				
Other Family Income		6661	6716	6726	6724	26827				
Interest on Four-year Bonds		67669	68030	70144	74870	280714				
Total Current Income (4-year)		91528	92085	94235	98956	376803(a)	-278925			
Devaluation of Four-year Bonds		-105988	-64407	-48874	-27338	-246608(b)		-7924		
TOTAL RETURNS (4-year bonds)		-14461	27678	45361	71618	130196(c)			-286849	-1.20

of dairy farms relative to all farms is due to both higher current returns and higher capital value change returns (primarily from increased quota values). Tables 16 and 18 show that beef and cash crop farms did very poorly during the 1980 to 1983 period. Their overall farm to non-farm returns ratios averaged around -1.0, which shows that these farms lost an average of about as much as would have been earned in the non-farm sector under the three standards with the same resources.

Swine farms, on average (Table 17), lost about one-third of what would have been earned from the same resources in the non-farm standards of comparison during the four-year period.

From a regional point of view (Tables 19 to 22), Southern Ontario farms show by far the lowest relative returns ratio.[1] Southern Ontario farms, on average, had negative returns of between 60% and 90% of the positive returns that would have been generated under the non-farm standards. This occurs, to some extent, because Southern Ontario cash crop farms tend to have larger land bases, and consequently, suffered greater capital depreciation losses during the 1980 to 1983 period. Eastern Ontario shows the highest level of relative returns, primarily because of the predominance of dairy farms in this part of the province. Western Ontario showed slightly positive farm to non-farm returns ratios, while Central Ontario ratios were very similar to those for all farms.

Tables 23, 24 and 25 present the study results on the basis of farm size (as defined by farm sales level). These tables show that only the small-size farms had positive farm to non-farm returns ratios. The group of largest farms shows the most negative relative return of the size categories. This is again partially due to the larger land base held by the larger farms, thus increasing the capital value losses of these farms relative to the non-farm standards of comparison.

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[1] To maintain farmer confidentiality, data for Northern Ontario cannot be released.

Table 19 Actual and Relative Returns Summary for Central
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of farm to Non-farm Total Returns
Beginning Equity	410501									
Beginning Fixed Assets	399652									
Ave. Farm Percent Equity	80									
Ave. Farm Percent Land & Quota of Fixed Assets	75									
Farm Returns										
Operating Income		35332	7382	14763	8015	65491(a)				
Asset Appreciation: Real Estate		33288	-19972	-58121	-34041	-78846				
Quota		17956	-13789	30075	10610	44853				
Total Appreciation		51244	-33761	-28045	-23431	-33993(b)				
TOTAL RETURNS		86576	-26379	-13283	-15416	31498(c)				
Self-employed Businessman										
Operator(s) Income		24279	24757	21775	22453	93264				
Other Family Income		3106	3169	3395	4094	13764				
Adj. for Equity Differential		18132	16416	15243	14653	64443				
Total Current Income		45516	44341	40414	41199	171470(a)	-105980			
Change in Value of Bus. Capital		-203	-3460	-10008	1197	-12473(b)		-21519		
TOTAL RETURNS		45313	40881	30406	42397	158997(c)			-127499	.20
Wage-Earner/Stock-holder										
Operator(s) Income		25168	25843	25855	27501	104367				
Other Family Income		3106	3169	3395	4094	13764				
Dividends (TSE 300)		11403	15829	11091	8433	46756				
Less Interest on Debt		6975	9614	9780	7676	34045				
Dividends net of Interest		4428	6215	1312	757	12711				
Total Current Income		32701	35226	30562	32352	130842(a)	-65351			
Stock Appreciation (TSE 300)		41885	-81506	-20089	67969	8259(b)		-42252		
TOTAL RETURNS		74586	-46279	10473	100321	139101(c)			-107603	.23
Wage-Earner/Bond-holder										
Operator(s) Income		25168	25843	25855	27501	104367				
Other Family Income		3106	3169	3395	4094	13764				
Interest on four-year Bonds		27932	28081	28954	30904	115870				
Total Current Income (4-year)		56205	57092	58204	62500	234001(a)	-168511			
Devaluation of four-year Bonds		-43749	-26585	-20174	-11284	-101792(b)		67800		
TOTAL RETURNS (4-year bonds)		12456	30507	38030	51216	132209(c)			-100711	.24

Table 20 Actual and Relative Returns Summary for Eastern
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	177984									
Beginning Fixed Assets	154104									
Ave. Farm Percent Equity	72									
Ave. Farm Percent Land & Quota of Fixed Assets	73									
Farm Returns										
Operating Income		13117	12625	17681	739	44163(a)				
Asset Appreciation: Real Estate		-12823	-7519	-1645	132	-21855				
Quota		17332	-11744	26830	11915	44333				
Total Appreciation		4509	-19263	25185	12047	22478(b)				
TOTAL RETURNS		17626	-6638	42866	12786	66641(c)				
Self-employed Businessman										
Operator(s) Income		23270	23076	20170	21615	88132				
Other Family Income		4137	4347	4353	4421	17258				
Adj. for Equity Differential		5431	4917	4566	4389	19304				
Total Current Income		32839	32340	29089	30425	124693(a)	-80530			
Change in Value of Bus. Capital		-70	-1187	-3434	411	-4280(b)		26758		
TOTAL RETURNS		32769	31153	25655	30836	120413(c)			-53772	.55
Wage-Earner/Stock-holder										
Operator(s) Income		21502	22874	23336	23976	91689				
Other Family Income		4137	4347	4353	4421	17258				
Dividends (TSE 300)		3913	5431	3806	2894	16044				
Less Interest on Debt		3558	4903	4988	3915	17364				
Dividends net of Interest		355	528	-1182	-1021	-1320				
Total Current Income		25994	27750	26507	27376	107627(a)	-63464			
Stock Appreciation (TSE 300)		14373	-27968	-6893	23323	2834(b)		19644		
TOTAL RETURNS		40367	-218	19614	50699	110461(c)			-43820	.60
Wage-Earner/Bond-holder										
Operator(s) Income		21502	22874	23336	23976	91689				
Other Family Income		4137	4347	4353	4421	17258				
Interest on Four-year Bonds		8794	8841	9116	9730	36481				
Total Current Income (4-year)		34433	36062	36805	33127	145428(a)	-101265			
Devaluation of Four-year Bonds		-13774	-8370	-6352	-3553	-32049(b)		54527		
TOTAL RETURNS (4-year bonds)		20659	27692	30454	34574	113379(c)			-46738	.59

Table 21 Actual and Relative Returns Summary for Southern
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	557723									
Beginning Fixed Assets	620989									
Ave. Farm Percent Equity	57									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		19855	347	13247	11442	44891(a)				
Asset Appreciation: Real Estate		-30845	-40354	-60341	-36442	-167982				
Quota		6061	-2440	9931	5639	19190				
Total Appreciation		-24785	-42793	-50410	-30804	-148792(b)				
TOTAL RETURNS		-4930	-42447	-37163	-19361	-103901(c)				
Self-employed Businessman										
Operator(s) Income		19787	20099	18197	17375	75458				
Other Family Income		4614	4657	4706	4660	18636				
Adj. for Equity Differential		25510	23096	21446	20615	90668				
Total Current Income		49911	47852	44350	42650	184762(a)	-139872			
Change in Value of Bus. Capital		-314	-5363	-15515	1856	-19336(b)		-129456		
TOTAL RETURNS		49597	42488	28835	44506	165426(c)			-269327	-.63
Wage-Earner/Stock-holder										
Operator(s) Income		20122	20237	20347	20256	80962				
Other Family Income		4614	4657	4706	4660	18636				
Dividends (TSE 300)		17677	24537	17194	13073	72481				
Less Interest on Debt		14639	20175	20524	16110	71447				
Dividends net of Interest		3039	4362	-3330	-3037	1034				
Total Current Income		27774	29256	21723	21879	100632(a)	-55741			
Stock Appreciation (TSE 300)		64930	-126350	-31142	105365	12803(b)		-161595		
TOTAL RETURNS		92705	-97094	-9419	127244	113435(c)			-217337	-.92
Wage-Earner/Bond-holder										
Operator(s) Income		20122	20237	20347	20256	80962				
Other Family Income		4614	4657	4706	4660	18636				
Interest on Four-year Bonds		40703	40919	42191	45034	168847				
Total Current Income (4-year)		65438	65813	67244	69950	268445(a)	-223555			
Devaluation of Four-year Bonds		-63751	-38741	-29398	-16444	-148333(b)		-459		
TOTAL RETURNS (4-year bonds)		1687	27072	37847	53506	120112(c)			-224014	-.87

Table 22 Actual and Relative Returns Summary for Western
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	441010									
Beginning Fixed Assets	443016									
Ave. Farm Percent Equity	75									
Ave. Farm Percent Land & Quota of Fixed Assets	78									
Farm Returns										
Operating Income		18788	1018	27110	8659	55575(a)				
Asset Appreciation: Real Estate		44096	-22042	-59503	-35546	-72994				
Quota		7926	-6037	13143	5960	20992				
Total Appreciation		52023	-28079	-46359	-29586	-52002(b)				
TOTAL RETURNS		70810	-27060	-19250	-20927	3573(c)				
Self-employed Businessman										
Operator(s) Income		19896	20601	18800	18104	77401				
Other Family Income		2317	2299	2494	2876	9987				
Adj. for Equity Differential		19142	17331	16093	15469	68035				
Total Current Income		41355	40231	37387	36449	155423(a)	-99848			
Change in Value of Bus. Capital		-228	-3889	-11250	1346	-14021(b)		-37980		
TOTAL RETURNS		41128	36342	26137	37795	141401(c)			-137828	.03
Wage-Earner/Stock-holder										
Operator(s) Income		21207	21719	21934	22061	86921				
Other Family Income		2317	2299	2494	2876	9987				
Dividends (TSE 300)		12818	17793	12468	9479	52559				
Less Interest on Debt		9667	13322	13553	10638	47180				
Dividends net of Interest		3152	4470	-1085	-1158	5379				
Total Current Income		26676	28488	23344	23778	102286(a)	-46712			
Stock Appreciation (TSE 300)		47083	-91621	-22582	76404	9284(b)		-61286		
TOTAL RETURNS		73759	-63132	761	100182	111570(c)			-107997	.03
Wage-Earner/Bond-holder										
Operator(s) Income		21207	21719	21934	22061	86921				
Other Family Income		2317	2299	2494	2876	9987				
Interest on Four-year Bonds		30159	30319	31262	33368	125108				
Total Current Income (4-year)		53683	54337	55691	58305	222016(a)	-166441			
Devaluation of Four-year Bonds		-47237	-28705	-21782	-12184	-109908(b)		57906		
TOTAL RETURNS (4-year bonds)		6446	25632	33908	46121	112108(c)			-108535	.03

Table 23 Actual and Relative Returns Summary for 50K-100K
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	211880									
Beginning Fixed Assets	208343									
Ave. Farm Percent Equity	65									
Ave. Farm Percent Land & Quota of Fixed Assets	73									
Farm Returns										
Operating Income		11951	6436	5724	2664	26775(a)				
Asset Appreciation: Real Estate		1971	-10941	-19881	-11705	-40556				
Quota		8289	-5179	13346	6045	22501				
Total Appreciation		10261	-16120	-6536	-5660	-18054(b)				
TOTAL RETURNS		22211	-9683	-812	-2996	8721(c)				
Self-employed Businessman										
Operator(s) Income		20119	20517	18542	18414	77592				
Other Family Income		2910	2914	3085	3360	12269				
Adj. for Equity Differential		8311	7524	6987	6716	29538				
Total Current Income		31340	30956	28614	28490	119400(a)	-92625			
Change in Value of Bus. Capital		-100	-1704	-4928	590	-6142(b)		-11912		
TOTAL RETURNS		31240	29252	23685	29080	113257(c)			-104537	.08
Wage-Earner/Stock-holder										
Operator(s) Income		19993	20473	20568	20725	81759				
Other Family Income		2910	2914	3085	3360	12269				
Dividends (TSE 300)		5615	7794	5462	4153	23024				
Less Interest on Debt		4344	5988	6091	4781	21204				
Dividends net of Interest		1271	1807	-629	-628	1820				
Total Current Income		24174	25194	23023	23456	95848(a)	-69073			
Stock Appreciation (TSE 300)		20625	-40136	-9893	33470	4067(b)		-22121		
TOTAL RETURNS		44800	-14942	13130	56926	99915(c)			-91194	.09
Wage-Earner/Bond-holder										
Operator(s) Income		19993	20473	20568	20725	81759				
Other Family Income		2910	2914	3085	3360	12269				
Interest on Four-year Bonds		13137	13207	13617	14535	54496				
Total Current Income (4-year)		36040	36594	37270	38619	148523(a)	-121749			
Devaluation of Four-year Bonds		-20576	-12504	-9488	-5307	-47875(b)		29820		
TOTAL RETURNS (4-year bonds)		15465	24090	27782	33312	100649(c)			-91928	.09

Table 24 Actual and Relative Returns Summary for 100K-150K
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	460843									
Beginning Fixed Assets	474558									
Ave. Farm Percent Equity	72									
Ave. Farm Percent Land & Quota of Fixed Assets	80									
Farm Returns										
Operating Income		23740	4654	6315	5649	40358(a)				
Asset Appreciation: Real Estate		17458	-28017	-59468	-35373	-105400				
Quota		9998	-8013	17217	5549	24751				
Total Appreciation		27456	-36029	-42252	-29823	-80648(b)				
TOTAL RETURNS		51196	-31376	-35937	-24174	-40291(c)				
Self-employed Businessman										
Operator(s) Income		20285	20438	17906	17883	76512				
Other Family Income		3767	3816	3904	4083	15569				
Adj. for Equity Differential		21268	19255	17880	17187	75589				
Total Current Income		45319	43509	39690	39153	167671(a)	-127313			
Change in Value of Bus. Capital		-248	-4234	-12248	1465	-15265(b)		-65384		
TOTAL RETURNS		45071	39275	27442	40618	152406(c)			-192697	-.26
Wage-Earner/Stock-holder										
Operator(s) Income		21051	21869	22066	22911	87897				
Other Family Income		3767	3816	3904	4083	15569				
Dividends (TSE 300)		13955	19370	13573	10320	57219				
Less Interest on Debt		9893	13635	13870	10887	48286				
Dividends net of Interest		4062	5736	-297	-567	8933				
Total Current Income		28880	31420	25672	26427	112399(a)	-72041			
Stock Appreciation (TSE 300)		51258	-99744	-24585	83178	10107(b)		-90756		
TOTAL RETURNS		80138	-68324	1088	109605	122506(c)			-162797	-.33
Wage-Earner/Bond-holder										
Operator(s) Income		21051	21869	22066	22911	87897				
Other Family Income		3767	3816	3904	4083	15569				
Interest on Four-year Bonds		33261	33438	34477	36800	137977				
Total Current Income (4-year)		58079	59123	60447	63794	241443(a)	-201085			
Devaluation of Four-year Bonds		-52096	-31658	-24023	-13437	-121213(b)		40565		
TOTAL RETURNS (4-year bonds)		5984	27465	36424	50357	120230(c)			-160520	-.34

Table 25 Actual and Relative Returns Summary for 150K+
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	722613									
Beginning Fixed Assets	777711									
Ave. Farm Percent Equity	71									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		26436	-4172	43699	17674	83639(a)				
Asset Appreciation: Real Estate		10890	-44742	-86607	-51851	-172310				
Quota		11296	-6669	17596	10103	32326				
Total Appreciation		22186	-51411	-69011	-41748	-139983(b)				
TOTAL RETURNS		48622	-55583	-25311	-24073	-56345(c)				
Self-employed Businessman										
Operator(s) Income		21233	21953	20040	19194	82419				
Other Family Income		3769	3851	3929	4092	15641				
Adj. for Equity Differential		32200	29153	27071	26022	114445				
Total Current Income		57202	54957	51039	49307	212506(a)	-128867			
Change in Value of Bus. Capital		-395	-6751	-19529	2336	-24340(b)		-115644		
TOTAL RETURNS		56807	48206	31510	51643	188166(c)			-244511	-.30
Wage-Earner/Stock-holder										
Operator(s) Income		22486	22892	23178	23167	91724				
Other Family Income		3769	3851	3929	4092	15641				
Dividends (TSE 300)		22252	30887	21643	16455	91237				
Less Interest on Debt		18296	25215	25651	20134	89297				
Dividends net of Interest		3956	5671	-4008	-3679	1940				
Total Current Income		30211	32415	23099	23581	109305(a)	-25667			
Stock Appreciation (TSE 300)		81732	-159044	-39201	132630	16116(b)		-156100		
TOTAL RETURNS		111943	-126630	-16102	156210	125422(c)			-181766	-.45
Wage-Earner/Bond-holder										
Operator(s) Income		22486	22892	23178	23167	91724				
Other Family Income		3769	3851	3929	4092	15641				
Interest on Four-year Bonds		51324	51597	53201	56785	212907				
Total Current Income (4-year)		77579	78340	80308	84045	320272(a)	-236634			
Devaluation of Four-year Bonds		-80387	-48850	-37069	-20734	-187039(b)		47056		
TOTAL RETURNS (4-year bonds)		-2808	29491	43240	63310	133233(c)			-189578	-.42

Conclusions

Overall these findings point out the extremely poor returns earned by Ontario farmers during the 1980 to 1983 period relative to the returns that the non-farm sector would have earned from the same resource base as the farmers. This is a dramatic change from 10 years previous when it was reported that Ontario farmers were earning similar returns to their non-farm counterparts.

This change in the relative returns position of Ontario farmers reflects both low current returns and low capital value change returns to farmers during the 1980 to 1983 period.

If only current returns were measured and compared to the non-farm standards, farmers would have been seen to be earning a return of about one-quarter to one-half of what the non-farm sector was earning. When returns from capital values are also included, however, the farm to non-farm returns ratio not only decreases but turns from a positive ratio to a negative ratio. This emphasizes the importance of the capital value change component of farm returns and demonstrates the severity of the problems created in agriculture by declines in asset values.

While at the time of this study, data for 1984 was not available, it is the author's belief that the relative returns picture did not improve for 1984 or 1985.

APPENDIX A

ALTERNATIVE RETURNS CALCUALTIONS

* Maximum 50 hours/week off-farm employment

* Capital Asset Value Change based on Manufacturing Industries

Table 26 Actual and Relative Returns Summary for all farms (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	443833									
Beginning Fixed Assets	464368									
Ave. Farm Percent Equity	69									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		19597	2384	18924	8503	49408(a)				
Asset Appreciation: Real Estate		8537	-26427	-51780	-30863	-100533				
Quota		9710	-6331	15682	7330	26390				
Total Appreciation		18247	-32759	-36097	-23533	-74143(b)				
TOTAL RETURNS		37844	-30375	-17173	-15030	-24735(c)				
Self-employed Businessman										
Operator(s) Income		20540	20993	18914	18562	79009				
Other Family Income		3504	3549	3676	3914	14644				
Adj. for Equity Differential		19456	17615	16357	15723	69152				
Total Current Income		43501	42158	38947	38200	162806(a)	-113398			
Change in Value of Bus. Capital		3539	-4323	-9009	-4435	-14227(b)		-59916		
TOTAL RETURNS		47040	37835	29938	33765	148579(c)			-173313	-.17
Wage-Earner/Stock-holder										
Operator(s) Income		24828	25455	25669	25981	101932				
Other Family Income		3504	3549	3676	3914	14644				
Dividends (TSE 300)		13223	18354	12861	9778	54217				
Less Interest on Debt		10398	14330	14578	11443	50749				
Dividends net of Interest		2825	4024	-1717	-1664	3467				
Total Current Income		31157	33027	27629	28231	120044(a)	-70636			
Stock Appreciation (TSE 300)		48568	-94510	-23295	78814	9577(b)		-83719		
TOTAL RETURNS		79725	-61483	4334	107045	129621(c)			-154355	-.19
Wage-Earner/Bond-holder										
Operator(s) Income		24828	25455	25669	25981	101932				
Other Family Income		3504	3549	3676	3914	14644				
Interest on Four-year Bonds		30821	30985	31948	34100	127853				
Total Current Income (4-year)		59153	59988	61294	63995	244430(a)	-195022			
Devaluation of Four-year Bonds		-48273	-29335	-22260	-12451	-112320(b)		38177		
TOTAL RETURNS (4-year bonds)		10879	30653	39034	51544	132110(c)			-156845	-.19

Table 27 Actual and Relative Returns Summary for Dairy (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	267788									
Beginning Fixed Assets	254338									
Ave. Farm Percent Equity	75									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		21849	9050	14000	7407	52305(a)				
Asset Appreciation: Real Estate		7570	-11797	-23581	-13774	-41582				
Quota		23600	-17151	38162	14985	59597				
Total Appreciation		31170	-28947	14581	1211	18015(b)				
TOTAL RETURNS		53019	-19897	28581	8617	70321(c)				
Self-employed Businessman										
Operator(s) Income		22844	23211	20765	20911	87730				
Other Family Income		3205	3284	3457	3824	13771				
Adj. for Equity Differential		10316	9340	8672	8336	36664				
Total Current Income		36365	35834	32894	33072	138165(a)	-85860			
Change in Value of Bus. Capital		1870	-2284	-4760	-2343	-7517(b)		25532		
TOTAL RETURNS		38235	33551	28135	30728	130649(c)			-60328	.54
Wage-Earner/Stock-holder										
Operator(s) Income		26060	26901	27085	27807	107854				
Other Family Income		3205	3284	3457	3824	13771				
Dividends (TSE 300)		6986	9697	6795	5166	28644				
Less Interest on Debt		5440	7498	7627	5987	26552				
Dividends net of Interest		1546	2199	-832	-821	2092				
Total Current Income		30812	32385	29710	30811	123717(a)	-71411			
Stock Appreciation (TSE 300)		25660	-49933	-12307	41640	5060(b)		12955		
TOTAL RETURNS		56472	-17548	17402	72451	128777(c)			-58456	.55
Wage-Earner/Bond-holder										
Operator(s) Income		26060	26901	27085	27807	107854				
Other Family Income		3205	3284	3457	3824	13771				
Interest on Four-year Bonds		16320	16407	16917	18056	67700				
Total Current Income (4-year)		45586	46592	47459	49688	189324(a)	-137019			
Devaluation of Four-year Bonds		-25561	-15533	-11787	-6593	-59474(b)		77489		
TOTAL RETURNS (4-year bonds)		20025	31059	35672	43095	129850(c)			-59529	.54

Table 28 Actual and Relative Returns Summary for Beef
(1979 constant dollars) (Calculations using 50-hour week & capital changes in mfg. industries)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of farm to Non-farm Total Returns
Beginning Equity	494579									
Beginning Fixed Assets	510615									
Ave. Farm Percent Equity	63									
Ave. Farm Percent Land & Quota of Fixed Assets	81									
Farm Returns										
Operating Income		-10493	-19791	25218	-1457	-6523(a)				
Asset Appreciation; Real Estate		30184	-31836	-71897	-42720	-116270				
Quota		228	267	370	542	1408				
Total Appreciation		30412	-31569	-71527	-42178	-114862(b)				
TOTAL RETURNS		19919	-51360	-46309	-43635	-121385(c)				
Self-employed Businessman										
Operator(s) Income		19763	19961	18342	17744	75810				
Other Family Income		2315	2304	2366	2507	9492				
Adj. for Equity Differential		20966	18982	17626	16943	74518				
Total Current Income		43044	41247	38334	37195	159820(a)	-166344			
Change in Value of Bus. Capital		4198	-5127	-10685	-5260	-16873(b)		-97988		
TOTAL RETURNS		47242	36121	27649	31935	142947(c)			-264332	-.85
Wage-Earner/Stock-holder										
Operator(s) Income		23906	25059	25626	25746	100337				
Other Family Income		2315	2304	2366	2507	9492				
Dividends (TSE 300)		15682	21768	15254	11597	64302				
Less Interest on Debt		15439	21278	21646	16990	75353				
Dividends net of Interest		244	490	-6392	-5393	-11051				
Total Current Income		26465	27853	21600	22860	98778(a)	-105302			
Stock Appreciation (TSE 300)		57603	-112091	-27628	93474	11358(b)		-126220		
TOTAL RETURNS		84068	-84238	-6028	116334	110137(c)			-231522	-1.10
Wage-Earner/Bond-holder										
Operator(s) Income		23906	25059	25626	25746	100337				
Other Family Income		2315	2304	2366	2507	9492				
Interest on Four-year Bonds		34444	34628	35704	38110	142886				
Total Current Income (4-year)		60666	61991	63696	66362	252715(a)	-259238			
Devaluation of Four-year Bonds		-53949	-32784	-24877	-13915	-125525(b)		10664		
TOTAL RETURNS (4-year bonds)		6717	29207	38819	52447	127189(c)			-248575	-.95

Table 29 Actual and Relative Returns Summary for Swine (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	320819									
Beginning Fixed Assets	382389									
Ave. Farm Percent Equity	12									
Ave. Farm Percent Land & Quota of Fixed Assets	52									
Farm Returns										
Operating Income		14405	-6826	26953	-12531	22001(a)				
Asset Appreciation: Real Estate		29952	-19665	-49727	-29576	-69016				
Quota		2408	-2234	4574	1011	5758				
Total Appreciation		32359	-21899	-45153	-28565	-63258(b)				
TOTAL RETURNS		46765	-28725	-18200	-41096	-41257(c)				
Self-employed Businessman										
Operator(s) Income		17398	18140	16058	15630	67226				
Other Family Income		4003	4036	4218	4547	16805				
Adj. for Equity Differential		16275	14735	13683	13152	57845				
Total Current Income		37676	36911	33959	33329	141876(a)	-119875			
Change in Value of Bus. Capital		2738	-3343	-6968	-3430	-11004(b)		-52254		
TOTAL RETURNS		40414	33568	26991	29899	130872(c)			-172129	-.32
Wage-Earner/Stock-holder										
Operator(s) Income		22274	22338	22371	22514	89497				
Other Family Income		4003	4036	4218	4547	16805				
Dividends (TSE 300)		10227	14196	9948	7563	41935				
Less Interest on Debt		6236	8595	4744	6863	30438				
Dividends net of Interest		3991	5601	1204	700	11497				
Total Current Income		30268	31976	27794	27761	117798(a)	-95797			
Stock Appreciation (TSE 300)		37566	-73101	-18018	60960	7407(b)		-70665		
TOTAL RETURNS		67834	-41125	9776	88721	125206(c)			-166462	-.33
Wage-Earner/Bond-holder										
Operator(s) Income		22274	22338	22371	22514	89497				
Other Family Income		4003	4036	4218	4547	16805				
Interest on Four-year Bonds		25065	25198	25982	27732	103977				
Total Current Income (4-year)		51342	51573	52571	54793	210279(a)	-188278			
Devaluation of Four-year Bonds		-39258	-23857	-18103	-10126	-91344(b)		28087		
TOTAL RETURNS (4-year bonds)		12084	27716	34468	44666	118934(c)			-160191	-.35

Table 30 Actual and Relative Returns Summary for CashCrop (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	932595									
Beginning Fixed Assets	964205									
Ave. Farm Percent Equity	87									
Ave. Farm Percent Land & Quota of Fixed Assets	81									
Farm Returns										
Operating Income		49149	9116	18120	21493	97879(a)				
Asset Appreciation: Real Estate		-25623	-62801	-103651	-62456	-254531				
Quota		0	0	0	0	0				
Total Appreciation		-25623	-62801	-103651	-62456	-254531(b)				
TOTAL RETURNS		23527	-53685	-85531	-40963	-156653(c)				
Self-employed Businessman										
Operator(s) Income		14408	14528	12860	12314	54110				
Other Family Income		6661	6716	6726	6724	26827				
Adj. for Equity Differential		44099	39926	37074	35637	156736				
Total Current Income		65168	61169	56660	54675	237672(a)	-139793			
Change in Value of Bus. Capital		7341	-8965	-18686	-9198	-29508(b)		-225023		
TOTAL RETURNS		72509	52204	37974	45477	208164(c)			-364816	-.75
Wage-Earner/Stock-holder										
Operator(s) Income		20125	20291	20321	20316	81053				
Other Family Income		6661	6716	6726	6724	26827				
Dividends (TSE 300)		27426	38069	26676	20282	112452				
Less Interest on Debt		16053	22124	22507	17666	78350				
Dividends net of Interest		11373	15945	4169	2616	34102				
Total Current Income		38158	42952	31215	29656	141981(a)	-44103			
Stock Appreciation (TSE 300)		100737	-196027	-48316	163470	19864(b)		-274395		
TOTAL RETURNS		138895	-153075	-17101	193126	161845(c)			-318498	-.97
Wage-Earner/Bond-holder										
Operator(s) Income		20125	20291	20321	20316	81053				
Other Family Income		6661	6716	6726	6724	26827				
Interest on Four-year Bonds		67669	68030	70144	74870	280714				
Total Current Income (4-year)		94455	95037	97191	101911	388593(a)	-290714			
Devaluation of Four-year Bonds		-105988	-64407	-48874	-27338	-246608(b)		-7924		
TOTAL RETURNS (4-year bonds)		-11533	30629	48317	74573	141985(c)			-298638	-1.10

Table 31 Actual and Relative Returns Summary for Central (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	410501									
Beginning Fixed Assets	399652									
Ave. Farm Percent Equity	80									
Ave. Farm Percent Land & Quota of Fixed Assets	75									
Farm Returns										
Operating Income		35332	7382	14763	8015	65491(a)				
Asset Appreciation: Real Estate		33288	-19972	-58121	-34041	-78846				
Quota		17956	-13789	30075	10610	44853				
Total Appreciation		51244	-33761	-28045	-23431	-33993(b)				
TOTAL RETURNS		86576	-26379	-13283	-15416	31498(c)				
Self-employed Businessman										
Operator(s) Income		24279	24757	21775	22453	93264				
Other Family Income		3138	3202	3402	4104	13846				
Adj. for Equity Differential		18132	16416	15243	14653	64443				
Total Current Income		45549	44374	40420	41209	171553(a)	-106062			
Change in Value of Bus. Capital		3052	-3728	-7769	-3825	-12269(b)		-21724		
TOTAL RETURNS		48601	40647	32651	37385	159284(c)			-127785	.20
Wage-Earner/Stock-holder										
Operator(s) Income		30428	31223	31251	33277	126178				
Other Family Income		3138	3202	3402	4104	13846				
Dividends (TSE 300)		11403	15829	11091	8433	46756				
Less Interest on Debt		6975	9614	9780	7676	34045				
Dividends net of Interest		4428	6215	1312	757	12711				
Total Current Income		37994	40639	35964	38138	152735(a)	-87244			
Stock Appreciation (TSE 300)		41885	-81506	-20089	67969	8259(b)		-42252		
TOTAL RETURNS		79879	-40866	15875	106107	160994(c)			-129496	.20
Wage-Earner/Bond-holder										
Operator(s) Income		30428	31223	31251	33277	126178				
Other Family Income		3138	3202	3402	4104	13846				
Interest on Four-year Bonds		27932	28081	28954	30904	115870				
Total Current Income (4-year)		61498	62505	63606	68285	255895(a)	-190404			
Devaluation of Four-year Bonds		-43749	-26585	-20174	-11284	-101792(b)		67800		
TOTAL RETURNS (4-year bonds)		17749	35920	43432	57001	154102(c)			-122604	.20

Table 32 Actual and Relative Returns Summary for Eastern (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	177984									
Beginning Fixed Assets	154104									
Ave. Farm Percent Equity	72									
Ave. Farm Percent Land & Quota of Fixed Assets	73									
Farm Returns										
Operating Income		13117	12625	17681	739	44163(a)				
Asset Appreciation: Real Estate		-12823	-7519	-1645	132	-21855				
Quota		17332	-11744	26830	11915	44333				
Total Appreciation		4509	-19263	25185	12047	22478(b)				
TOTAL RETURNS		17626	-6638	42866	12786	66641(c)				
Self-employed Businessman										
Operator(s) Income		23270	23076	20170	21615	88132				
Other Family Income		4421	4675	4682	4750	18527				
Adj. for Equity Differential		5431	4917	4566	4389	19304				
Total Current Income		33122	32668	29418	30754	125963(a)	-81800			
Change in Value of Bus. Capital		1047	-1279	-2666	-1312	-4210(b)		26688		
TOTAL RETURNS		34170	31389	26752	29442	121753(c)			-55112	.55
Wage-Earner/Stock-holder										
Operator(s) Income		25752	27202	27741	28496	109192				
Other Family Income		4421	4675	4682	4750	18527				
Dividends (TSE 300)		3913	5431	3806	2894	16044				
less Interest on Debt		3558	4903	4988	3915	17364				
Dividends net of Interest		355	528	-1182	-1021	-1320				
Total Current Income		30528	32405	31241	32225	126399(a)	-82236			
Stock Appreciation (TSE 300)		14373	-27968	-6893	23323	2834(b)		19644		
TOTAL RETURNS		44901	4437	24347	55548	129233(c)			-62592	.52
Wage-Earner/Bond-holder										
Operator(s) Income		25752	27202	27741	28496	109192				
Other Family Income		4421	4675	4682	4750	18527				
Interest on Four-year Bonds		8794	8841	9116	9730	36481				
Total Current Income (4-year)		38967	40718	41539	42976	164200(a)	-120037			
Devaluation of Four-year Bonds		-13774	-8370	-6352	-3553	-32049(b)		54527		
TOTAL RETURNS (4-year bonds)		25193	32348	35187	39424	132151(c)			-65510	.50

Table 33 Actual and Relative Returns Summary for Southern (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of farm to Non-farm Total Returns
Beginning Equity	557723									
Beginning Fixed Assets	620989									
Ave. Farm Percent Equity	57									
Ave. Farm Percent Land & Quota of Fixed Assets	76									
Farm Returns										
Operating Income		19855	347	13247	11442	44891(a)				
Asset Appreciation: Real Estate		-30845	-40354	-60341	-36442	-167982				
Quota		6061	-2440	9931	5639	19190				
Total Appreciation		-24785	-42793	-50410	-30804	-148792(b)				
TOTAL RETURNS		-4930	-42447	-37163	-19361	-103901(c)				
Self-employed Businessman										
Operator(s) Income		19787	20099	18197	17375	75458				
Other Family Income		4703	4747	4797	4750	18996				
Adj. for Equity Differential		25510	23096	21446	20615	90668				
Total Current Income		50000	47942	44440	42740	185122(a)	-140232			
Change in Value of Bus. Capital		4732	-5779	-12044	-5929	-19020(b)		-129772		
TOTAL RETURNS		54732	42163	32396	36811	166103(c)			-270004	-.63
Wage-Earner/Stock-holder										
Operator(s) Income		23503	23659	23794	23676	94633				
Other Family Income		4703	4747	4797	4750	18996				
Dividends (TSE 300)		17677	24537	17194	13073	72481				
Less Interest on Debt		14639	20175	20524	16110	71447				
Dividends net of Interest		3039	4362	-3330	-3037	1034				
Total Current Income		31245	32768	25261	25389	114663(a)	-69772			
Stock Appreciation (TSE 300)		64930	-126350	-31142	105365	12803(b)		-161595		
TOTAL RETURNS		96176	-93582	-5882	130754	127466(c)			-231368	-.82
Wage-Earner/Bond-holder										
Operator(s) Income		23503	23659	23794	23676	94633				
Other Family Income		4703	4747	4797	4750	18996				
Interest on Four-year Bonds		40703	40919	42191	45034	168847				
Total Current Income (4-year)		68909	69325	70782	73460	282476(a)	-237586			
Devaluation of Four-year Bonds		-63751	-38741	-29398	-16444	-148333(b)		-459		
TOTAL RETURNS (4-year bonds)		5158	30585	41384	57016	134143(c)			-238045	-.77

Table 34 Actual and Relative Returns Summary for Western (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	441010									
Beginning Fixed Assets	443016									
Ave. Farm Percent Equity	75									
Ave. Farm Percent Land & Quota of Fixed Assets	78									
Farm Returns										
Operating Income		18788	1018	27110	8659	55575(a)				
Asset Appreciation; Real Estate		44096	-22042	-59503	-35546	-72994				
Quota		7926	-6037	13143	5960	20992				
Total Appreciation		52023	-28079	-46359	-29586	-52002(b)				
TOTAL RETURNS		70810	-27060	-19250	-20927	3573(c)				
Self-employed Businessman										
Operator(s) Income		19896	20601	18800	18104	77401				
Other Family Income		2407	2384	2604	3041	10436				
Adj. for Equity Differential		19142	17331	16093	15469	68035				
Total Current Income		41445	40316	37496	36614	155872(a)	-100297			
Change in Value of Bus. Capital		3431	-4190	-8733	-4299	-13792(b)		-38210		
TOTAL RETURNS		44876	36126	28763	32315	142080(c)			-138507	.03
Wage-Earner/Stock-holder										
Operator(s) Income		24820	25457	25701	25867	101845				
Other Family Income		2407	2384	2604	3041	10436				
Dividends (TSE 300)		12818	17793	12468	9479	52559				
Less Interest on Debt		9667	13322	13553	10638	47180				
Dividends net of Interest		3152	4470	-1085	-1158	5379				
Total Current Income		30379	32312	27220	27750	117660(a)	-62086			
Stock Appreciation (TSE 300)		47083	-91621	-22582	76404	9284(b)		-61286		
TOTAL RETURNS		77462	-59309	4638	104153	126944(c)			-123371	.03
Wage-Earner/Bond-holder										
Operator(s) Income		24820	25457	25701	25867	101845				
Other Family Income		2407	2384	2604	3041	10436				
Interest on Four-year Bonds		30159	30319	31262	33368	125108				
Total Current Income (4-year)		57386	58161	59567	62276	237390(a)	-181815			
Devaluation of Four-year Bonds		-47237	-28705	-21782	-12184	-109908(b)		57906		
TOTAL RETURNS (4-year bonds)		10149	29456	37785	50092	127482(c)			-123909	.03

Table 35 Actual and Relative Returns Summary for 50K-100K (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	211880									
Beginning Fixed Assets	208343									
Ave. Farm Percent Equity	65									
Ave. Farm Percent Land & Quota of Fixed Assets	73									
Farm Returns										
Operating Income		11951	6436	5724	2664	26775(a)				
Asset Appreciation: Real Estate		1971	-10941	-19881	-11705	-40556				
Quota		8289	-5179	13346	6045	22501				
Total Appreciation		10261	-16120	-6536	-5660	-18054(b)				
TOTAL RETURNS		22211	-9683	-812	-2996	8721(c)				
Self-employed Businessman										
Operator(s) Income		20119	20517	18542	18414	77592				
Other Family Income		2984	2983	3156	3471	12594				
Adj. for Equity Differential		8311	7524	6987	6716	29538				
Total Current Income		31414	31025	28685	28601	119725(a)	-92950			
Change in Value of Bus. Capital		1503	-1836	-3826	-1883	-6042(b)		-12013		
TOTAL RETURNS		32917	29190	24859	26717	113683(c)			-104963	.08
Wage-Earner/Stock-holder										
Operator(s) Income		23047	23557	21672	23859	94134				
Other Family Income		2984	2983	3156	3471	12594				
Dividends (TSE 300)		5615	7794	5462	4153	23024				
Less Interest on Debt		4344	5988	6091	4781	21204				
Dividends net of Interest		1271	1807	-629	-628	1820				
Total Current Income		27302	26347	26198	26701	108548(a)	-81773			
Stock Appreciation (TSE 300)		20625	-40136	-9893	33470	4067(b)		-22121		
TOTAL RETURNS		47927	-11789	16306	60170	112615(c)			-103894	.08
Wage-Earner/Bond-holder										
Operator(s) Income		23047	23557	23672	23859	94134				
Other Family Income		2984	2983	3156	3471	12594				
Interest on Four-year Bonds		13137	13207	13617	14535	54496				
Total Current Income (4-year)		39168	39747	40445	41864	161224(a)	-134449			
Devaluation of Four-year Bonds		-20576	-12504	-9488	-5307	-47875(b)		29820		
TOTAL RETURNS (4-year bonds)		18592	27243	30957	36557	113349(c)			-104628	.08

Table 36 Actual and Relative Returns Summary for 100K-150K (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	460843									
Beginning Fixed Assets	474558									
Ave. Farm Percent Equity	72									
Ave. Farm Percent Land & Quota of Fixed Assets	80									
Farm Returns										
Operating Income		23740	4654	6315	5649	40358(a)				
Asset Appreciation: Real Estate		17458	-28017	-59468	-35373	-105400				
Quota		9998	-8013	17217	5549	24751				
Total Appreciation		27456	-36029	-42252	-29823	-80648(b)				
TOTAL RETURNS		51196	-31376	-35937	-24174	-40291(c)				
Self-employed Businessman										
Operator(s) Income		20285	20438	17906	17883	76512				
Other Family Income		3767	3816	3904	4083	15569				
Adj. for Equity Differential		21268	19255	17880	17187	75589				
Total Current Income		45319	43509	39690	39153	167671(a)	-127313			
Change in Value of Bus. Capital		3735	-4562	-9508	-4680	-15015(b)		-65634		
TOTAL RETURNS		49055	38947	30182	34472	152656(c)			-192947	-.26
Wage-Earner/Stock-holder										
Operator(s) Income		25422	26414	26638	27679	106152				
Other Family Income		3767	3816	3904	4083	15569				
Dividends (TSE 300)		13955	19370	13573	10320	57219				
Less Interest on Debt		9893	13635	13870	10887	48286				
Dividends net of Interest		4062	5736	-297	-567	8933				
Total Current Income		33251	35965	30245	31194	130654(a)	-90296			
Stock Appreciation (TSE 300)		51258	-99744	-24585	83178	10107(b)		-90756		
TOTAL RETURNS		84508	-63779	5660	114372	140762(c)			-181052	-.29
Wage-Earner/Bond-holder										
Operator(s) Income		25422	26414	26638	27679	106152				
Other Family Income		3767	3816	3904	4083	15569				
Interest on Four-year Bonds		33261	33438	34477	36800	137977				
Total Current Income (4-year)		62450	63667	65019	68562	259698(a)	-219340			
Devaluation of Four-year Bonds		-52096	-31658	-24023	-13437	-121213(b)		40565		
TOTAL RETURNS (4-year bonds)		10354	32010	40996	55125	138485(c)			-178776	-.29

Table 37 Actual and Relative Returns Summary for 150K+ (Calculations using 50-hour week & capital changes in mfg. industries)
(1979 constant dollars)

Farm Financial Statistics	1979	Actual/Comparable Real Returns per Farm 1980	1981	1982	1983	Total	Farm to Non-farm Differences Current (a)	Capital Changes (b)	Total (c)	Ratio of Farm to Non-farm Total Returns
Beginning Equity	722613									
Beginning Fixed Assets	777711									
Ave. Farm Percent Equity	71									
Ave. Farm Percent Land & Quota of Fixed Assets	78									
Farm Returns										
Operating Income		26436	-4172	43699	17674	83639(a)				
Asset Appreciation: Real Estate		10890	-44742	-86607	-51851	-172310				
Quota		11296	-6669	17596	10103	32326				
Total Appreciation		22186	-51411	-69011	-41748	-139983(b)				
TOTAL RETURNS		48622	-55583	-25311	-24073	-56345(c)				
Self-employed Businessman										
Operator(s) Income		21233	21953	20040	19194	82419				
Other Family Income		3983	4080	4178	4359	16599				
Adj. for Equity Differential		32200	29153	27071	26022	114445				
Total Current Income		57415	55187	51288	49574	213464(a)	-129825			
Change in Value of Bus. Capital		5956	-7274	-15160	-7463	-23941(b)		-116042		
TOTAL RETURNS		63371	47913	36128	42111	189523(c)			-245868	-.30
Wage-Earner/Stock-holder										
Operator(s) Income		26664	27198	27531	27519	108911				
Other Family Income		3983	4080	4178	4359	16599				
Dividends (TSE 300)		22252	30887	21643	16455	91237				
Less Interest on Debt		18296	25215	25651	20134	89297				
Dividends net of Interest		3956	5671	-4008	-3679	1940				
Total Current Income		34602	36949	27701	28199	127451(a)	-43812			
Stock Appreciation (TSE 300)		81732	-159044	-39201	132630	16116(b)		-156100		
TOTAL RETURNS		116334	-122095	-11500	160829	143567(c)			-199912	-.39
Wage-Earner/Bond-holder										
Operator(s) Income		26664	27198	27531	27519	108911				
Other Family Income		3983	4080	4178	4359	16599				
Interest on Four-year Bonds		51324	51597	53201	56785	212907				
Total Current Income (4-year)		81970	82875	84910	88663	338418(a)	-254779			
Devaluation of Four-year Bonds		-80387	-48850	-37069	-20734	-187039(b)		47056		
TOTAL RETURNS (4-year bonds)		1583	34025	47841	67929	151378(c)			-207723	-.37

RECOMMENDATIONS

RECOMMENDATIONS

GENERAL POLICY

1. It must at the outset be recognized that the income and financial problems of all farmers and farm families cannot be addressed through agricultural programs or by the Ministry of Agriculture and Food alone.

2. The large structural shifts that have taken place in agriculture in the 1970s dictate that agriculture can no longer be looked upon as a homogeneous entity. The myth of homogeneity may have served political convenience in the past but can no longer be sustained. Nor, in the opinion of the Council, is it necessary to cultivate the myth of homogeneity in light of present economic conditions and changing attitudes on the farm. Not all 'farmers' are farmers and not every problem of low income or inadequate returns is necessarily agricultural in nature.

3. The majority of rural farm families cannot reasonably expect to derive any more than a small portion of their total incomes from farming. They simply do not have the land base or the resources. For these operators and their families the logical answer is to increase incomes through non-farm employment. This is not to say that these families should be encouraged to move off the farm. On the contrary, they should be encouraged to remain on their farms, continue to farm on the present limited scale, but increase their incomes through greater off-farm employment earnings. Happily for the majority of these farmers and their families this is already the case.

4. Those farmers whom we have termed commercial farmers and their families can legitimately expect to derive all or a major portion of their incomes from farming. Their income problems should be, and can only be, addressed though agricultural support programs. The resources of the Ministry of Agriculture and Food should be concentrated to improve and more particularly stabilize the incomes of the commercial farmers.

5. The structural changes in agriculture described in our report not only call for shedding the myth of homogeneity but simultaneously require a careful re-evaluation of many government assistance programs that are based on this myth. The needs of farmers have changed and diversified. Some farmers no longer need some programs and others need new programs. In the light of this diversification of circumstances and needs, there is no alternative to targetting of government programs.

RURAL DEVELOPMENT

6. The Government of Ontario should direct more effort to regional and rural development so that more employment opportunities are created for rural people in general and rural farm people in particular.

7. Incentives should be offered to encourage small and medium size businesses to locate in rural areas, most particularly where farming cannot be carried on intensively but can make a contribution to family incomes and the local economy.

8. Entrepreneurial loans on favourable terms should be offered to rural people, particularly non-commercial and quasi-commercial farmers to start up non-farming businesses. Small businesses which would harmomize with the farming operation should be given favourable incentives. The object is to enable the non-commercial and quasi-commercial farm families to realize a family living by combining non-farm business with their farming activities.

BASIC SUPPORT

9. A substantial share of the resources of the Ministry of Agriculture and Food is devoted to the basic support services of Education, Extension and Research. While technical efficiency has improved there has been no corresponding improvement in the economic performance — particularly at the producer income level. It must be recognized that agriculture is essentially market driven and greater attention needs to be paid to awareness of consumer preferences, business management skills and marketing savvy on the part of the producers. The Council recommends that an assessment of these basic support services be carried out to reflect the needs of the producer in this changing environment.

INCOME SUPPORT

10. Income support programs have increased since World War II in Canada and all other industrialized countries. These programs have become part and parcel of the economic environment of farming. Government income support policies must respond not only to domestic economic conditions but also to changes in support policies of other governments. The myth that farmers can derive all their income from the market-place should be dispelled. The problem is how to deliver income support in an effective and equitable manner.

11. The Council has examined support programs in the framework of the following criteria: the income structure of farmers and their families, long-term and short-term programs and the impact of support provided in other jurisdictions.

12. The Farm Tax Reduction Program is the largest long-term income support program of OMAF. Over 25% of the farmland in Ontario is absentee owned. Approximately half of the farm families look to agriculture for only a small portion of their income. The Council recommends that the Farm Tax Reduction Program be evaluated to determine its effectiveness in supporting incomes of bona-fide farmers.

13. The government's share of funding of tile drainage should be raised from the present 60% to 75% and the level of subsidization of the debentures should be maintained at one-third of the long-term cost of funds to the province. At the same time the government should develop programs to encourage the transfer of marginal lands from intensive agriculture and into environmentally compatible uses. This could take the form of tax relief for reforestation and wetlands.

14. Income Stabilization programs should form the major part of government efforts to improve farm incomes. At present this is made up of two core programs — (a) deficiency payments under price stabilization programs, and (b) compensation for production loss under crop insurance. The Council recommends that stabilization payments should be restricted to the historical production (for example, preceding three years) of the farmer in order not to encourage expansions when not called for by market factors. Minimum coverage requirements could be used as an umbrella to cover new entrants. A further restrictive element should be measures to ensure that payments are not unduly large to any individual. These restrictive elements would enable enrichment of stabilization programs without creating incentives to overproduction.

15. It should be recognized that there will periodically be a need for short-term emergency assistance for a variety of reasons. The conditions that gave rise to the institution of the OFFIRR Program have not abated. Council recommends that the OFFIRR Program be renewed for another year with the following changes:

(a) The level of payments to the individual producer should be no more than 80% of the 1985 entitlement in order to send a clear signal that this program will not become a permanent feature of income support.

(b) A direct payment to the farmer equal to 50% of the 1985 entitlement.

(c) An additional 30% of the original 1985 entitlement to be paid directly to reduce debt according to the following formula: the province will contribute 50¢ towards debt reduction fo each dollar contributed by the farmer and or his/her creditor.

Example:

1985 Entitlement: $10,000
Pay direct to farmer: $5,000
Out of $5,000 that he receives, the farmer contributes $3,000 to reduce his debt.
Creditor contributes $2,000 to reduce debt.
Province will contribute $2,500 to reduce debt.
Total debt reduction: $7,500
Provincial contribution to debt reduction to be 50% of the combined contribution of farmer and creditor up to a maximum of $3,000 for the above example.

(d) Consideration should be given to raising the maximum net worth criteria elegibility.

(e) The client base for OFFIRR should remain the same with the exception of adjustment for (d) above.

CREDIT

16. The Council proposes that the Government of Ontario should proceed immediately with implementing the Agri-Mortgage proposal, earlier submitted by the Council. This proposal was presented to the Federal Government approximately a year ago and no action has been forthcoming. It is time for Ontario to take independent action.

17. The BFAP program could be substantially modified or eliminated altogether in light of (16) above.

18. The Council recommends that loan guarantees under OFAAP/OLAP/FOCAP should be continued for farmers who are unable to obtain operating credit. However, Council is concerned that the subsidy element in FOCAP could in the long run lead to distortion of resource allocation in agriculture, not to mention, the perception of unfair competition by farmers who do not receive FOCAP assistance.

19. The Council recommends an insurance program to protect all commercial farmers from fluctuations in interest rates on operating credit. Under this program the farmer will negotiate his loan relative to the bank prime rate, but will be protected if the prime rate escalates over the course of the loan. The loan itself will not be guaranteed.

20. The Council is concerned that a large number of SBBs will be coming due in 1986. The Ontario government should take steps to ensure that farmers who seek to renew their SBBs should have every opportunity to do so.

INTERNATIONAL TRADE

21. Ontario agriculture has more to gain through an emphasis on successful multilateral negotiations under GATT than in Canada - U.S. negotiations, particularly as a high degree of relatively free trade exists now between Canada and the United States.

22. Many of Ontario agribusiness enterprises, especially food processing firms, will be under severe competitive stress as a result of any Canada - U.S. agreement on free trade. This will lead to a substantial contraction of food manufacturing in the province, loss of employment and reduced demand for many Ontario farm products.

23. The Council is concerned about the potential impact of the proposed U.S. Farm Bill on many major segments of Ontario agriculture. The proposed Farm Bill is a distinct departure from past U.S. agricultural policy. This is a direct attempt to create a two-price system for grains — a low price in which the U.S. will move these products into World markets (including Canada) and a high price that will be returned to the U.S. producer.

    The U.S. Farm Bill will have the most serious consequences for Ontario producers of corn and soybeans. Stabilization can only provide temporary relief. The long term implication of the proposed U.S. Farm Bill is that Canada will be forced to provide matching subsidies in order to maintain agriculture in Ontario at its present level.

GENERAL AGRICULTURAL ISSUES

24. The Council is deeply concerned over the rapid decline in farm land values. We recognize that these values rose very rapidly during the 1970s well beyond the ability of returns from farming to support such values. However, the current rate of decline with its attendant loss of access to credit is the single most important factor in the current financial problems facing many farmers and their families. Policies and programs that help to moderate changes in land values would have a positive effect on stabilizing the industry and the incomes of farmers. The Agri-Mortgage proposal of the Council (Recommendation 16) will have a positive and moderating influence on land values.

25. The Council is deeply concerned over the high level of quota values in agriculture and their continuing escalation. The Council recommends that the various affected marketing boards be directed to deal with this problem with some urgency.

26. In gathering information for this study on farm family incomes the Council and its researchers encountered a paucity of meaningful statistical data on the financial situation of commercial farmers in Ontario, particularly those facing financial difficulties. The Council recommends the regular collection of farm financial data and the consolidation of this information within the Economics Branch of OMAF for timely analysis.

27. The farm income situation is a complex one. There is no simple way to identify those farmers who have need for assistance and those who do not, nor what kind of assistance would be appropriate. Increasingly government programs will have to be strictly targetted and the attendant criteria will need to become more sophisticated. This will make further demands on farmers to respond in an increasingly business-like manner. To this the Council sees no alternative.

APPENDIX I

MISCELLANEOUS STATISTICS

Titles of Tables:

1. Value Added in Ontario Agriculture
2. Farm Debt in Ontario
3. Index of Farm Land Values in Ontario
4. Index of Farm Production in Ontario

TABLE I-1
VALUE ADDED IN ONTARIO AGRICULTURE

Year	Gross Farm Income	Net Farm Income	Wages to Paid Labour	Interest on Debt	Rent	Realty Taxes	Depreciation	Gross Value Added	Net Value Added
				- $ millions -					
1966	1,338	435	101	49	27	30	97	739	642
1967	1,324	401	108	52	27	33	118	739	621
1968	1,367	358	114	59	28	33	129	721	592
1969	1,415	369	117	68	28	36	139	757	618
1970	1,451	369	124	77	30	26	145	771	626
1971	1,469	320	137	75	31	26	151	740	589
1972	1,630	364	140	100	32	29	163	828	665
1973	2,213	718	191	93	37	21	189	1,249	1,060
1974	2,481	721	192	132	47	22	240	1,354	1,114
1975	2,826	822	234	148	58	26	307	1,595	1,288
1976	2,706	559	253	184	62	30	359	1,447	1,088
1977	2,997	662	292	202	68	32	390	1,646	1,256
1978	3,463	693	313	255	87	36	435	1,819	1,384
1979	4,150	835	352	376	99	38	497	2,308	1,829
1980	4,564	775	368	473	115	39	574	2,344	1,770
1981	5,059	898	393	690	120	44	632	2,777	2,125
1982	4,875	660	393	600	124	48	643	2,468	1,825
1983	4,987	830	421	485	123	51	639	2,549	1,910
1984	5,485	1,219	423	502	111	45	626	2,926	2,300
1985	5,302	1,058	457	458	111	48	614	2,746	2,132
				- p e r c e n t -					
66-70	100.0	28.0	8.2	4.4	2.0	2.3	9.2	54.1	48.9
71-75	100.0	27.7	8.5	5.3	1.9	1.2	9.9	54.3	44.4
76-80	100.0	19.7	8.8	8.3	2.4	1.0	12.6	53.6	41.0
81-85	100.0	18.1	8.2	10.6	2.3	0.9	12.4	52.4	40.0

Source: Statistics Canada, Farm Income Reference Book. The last two columns are derived from the first seven columns. The operational definitions used for value added are those of the Council.

TABLE I-2
FARM DEBT IN ONTARIO

Year	Farm Debt in Canada		Farm Debt in Ontario		
	(1)	(2)	(2)	(3)	Index
		- millions -			
1966	3,444	Not Avail.	Not Avail.	947	100
1967	3,951	"	"	1,086	115
1968	4,105	"	"	1,129	119
1969	4,425	"	"	1,217	129
1970	4,481	"	"	1,232	130
1971		4,564	1,269		134
1972		4,831	1,341		142
1973		5,557	1,531		162
1974		6,530	1,759		186
1975		7,829	2,105		222
1976			2,423		256
1977			2,812		297
1978			3,295		348
1979			3,854		407
1980			4,311		455
1981			4,773		504
1982			5,035		532
1983			5,045		533
1984			5,225		552

(1) Source: Agriculture Canada, FCC Annual Statistics

(2) Source: Statistics Canada, Farm Income Reference Handbook

(3) Calculated as 27.5% of Canadian Farm Debt

TABLE I - 3

INDEX OF FARM LAND VALUES IN ONTARIO

Year	Index of Value of Land and Buildings* (1961=100)	(1971=100)	(1966=100)	Acres Owned** Acres	Index	Index of Value of Acres Owned
1966	138		100	15,507,615	100.0	100
1967	159		115		96.9	112
1968	183		133		93.8	124
1969	213		154		90.7	140
1970	219		159		87.6	139
1971	245	100.0	178	13,096,784	84.5	150
1972		104.3	185		83.0	154
1973		126.7	225		81.6	183
1974		164.6	292		80.1	234
1975		207.8	369		78.6	290
1976		242.3	430	11,961,854	77.1	332
1977		267.8	475		76.3	363
1978		303.8	539		75.6	408
1979		344.3	611		74.8	457
1980		401.2	712		74.0	527
1981		441.2	783	11,351,995	73.2	573
1982		432.5	768		72.4	556
1983		402.3	714		71.6	512
1984		394.2	700		70.8	496
1985		NA	NA		70.6	NA

* Source: Statistics Canada, FCC Annual Statistics

** Source: Statistics Canada, Census of Agriculture. Indexes for inter censal years have been estimated through linear interpolation/extrapolation

TABLE I-4

INDEX OF FARM PRODUCTION IN ONTARIO

Year	Total	Crops	Livestock
1966	100.0	100.0	100.0
1967	96.6	95.3	96.9
1968	98.9	103.6	97.3
1969	97.5	95.9	98.3
1970	103.8	119.7	97.8
1971	106.6	119.3	102.1
1972	102.4	100.9	103.2
1973	110.1	129.5	103.0
1974	110.0	121.5	105.9
1975	114.8	150.6	101.1
1976	109.7	129.2	102.5
1977	117.8	161.9	101.1
1978	116.7	141.7	107.4
1979	124.4	161.0	110.4
1980	131.5	172.8	115.8
1981	131.8	178.9	113.9
1982	128.6	163.1	115.6
1983	132.7	171.2	117.9
1984	137.0	187.5	117.9

Source: Statistics Canada, Farm Income Reference Handbook

APPENDIX II

FARM CREDIT CORPORATION FARM SURVEY, 1984

This survey was conducted by the FCC in January 1984. In Ontario 782 farm operators responded to the survey. Relatively more commerical scale farms were sampled compared with non-commercial scale farms. This would be reflected in the accuracy of population estimates.

Note: Interest Paid under-estimates interest cost in that some operators failed to pay full interest costs in 1983.

FINANCIAL STRUCTURE OF FARMS IN ONTARIO, 1984

	Commercial		Quasi-commercial		Non-commercial
	SALES IN $ (000)				
	over 160.0	79.7 - 160	26.5 - 79.7	10.0 - 26.5	2.0 - 10.0
Number of Farms	8,334	12,729	13,731	10,543	12,347
Percent of Farms	14.4	22.1	23.8	18.3	21.4
BALANCE SHEET ($)					
Total Assets per farm	1,047,899	558,344	344,676	290,160	168,685
Current	160,532	60,343	38,905	31,744	21,653
Intermediate term	332,439	184,447	86,335	49,888	26,139
Long term	554,928	313,554	219,436	208,528	120,893
Total Liabilities per farm	278,033	120,365	59,519	20,619	12,727
Current	71,000	18,097	11,704	3,000	1,161
Intermediate term	47,065	22,293	10,115	7,415	1,850
Long term	159,968	79,795	37,699	10,204	9,716
Net Worth per farm	769,866	437,979	285,161	269,541	155,958
Percentage equity	73.5	78.4	82.7	92.9	92.5
DISTRIBUTION OF ASSETS (%)					
Cash, bonds, savings, shares	1.9	4.0	4.0	6.8	8.8
Accounts receivable, Feed and supplies, Crops for sale, Market Livestock	13.4	6.8	7.2	4.3	4.0
Breeding replacement and livestock	4.6	6.6	3.9	2.7	3.3
Equipment	12.4	12.8	12.9	10.9	9.2
Quota	14.1	13.4	7.8	1.6	0.2
Other intermediate term assets	0.6	0.3	0.4	2.0	2.8
Farm real estate	50.7	52.9	58.1	47.0	67.4
Other real estate and long term	2.3	3.3	5.6	24.9	4.3
DISTRIBUTION OF LIABILITIES (%)					
Farm Credit Corporation	18.4	39.5	36.9	18.8	19.7
Other Federal Agencies	1.4	1.4	0.9	0.3	0.8
Provincial Government	1.9	2.3	1.7	3.3	1.7
Chartered Banks	51.9	33.4	34.9	42.5	37.7
Credit Union	2.6	1.2	2.0	2.2	3.6
Near Banks	0.9	0.6	2.8	2.9	17.6
Supply Companies	4.0	3.3	4.2	9.7	1.3
Private Individuals	16.7	17.0	16.1	19.9	14.4
Others	2.2	1.2	0.8	0.5	0.0
OTHER FINANCIAL DATA					
Average sales in 1983($)	364,747	113,765	48,160	18,190	5,713
Sales/assets ratio	.348	.204	.140	.063	.034
Interest Paid in 1983	28,190	12,576	5,568	1,880	1,609
Interest paid/sales ratio	.077	.111	.116	.103	.282
Peak short-term borrowing in 1983	102,691	30,456	12,270	3,990	856
Intermediate-term borrowing in 1983	14,791	9,344	3,394	1,602	645
Long-term borrowing in 1983	47,468	11,675	7,266	1,155	1,241
Percent of long-term borrowing used to refinance debt	42.8	66.0	37.6	89.7	15.4
Capital gifted or inherited in 1983	3,152	2,530	652	93	348
Capital Sales in 1983	14,585	6,784	1,877	1,163	738
Capital Expenditures in 1983	56,371	26,614	17,081	5,811	3,451
Non-farm income of operator	2,564	3,310	7,714	13,149	11,891
Non-farm income of spouse	3,098	2,061	3,752	2,109	4,343
Total Non-farm income	5,662	5,371	11,466	15,258	16,234
Interest paid/non-farm income	4.98	2.34	0.49	0.12	0.10

APPENDIX III

AGRICULTURE - POPULATION SAMPLE DATA BASE

The Agriculture-Population 20% sample data base is the product of a computerized match between the Census of Agriculture File and the Census of Population and Housing Sample File. The resulting linked data base enables the cross-classificaiton of agricultural characteristics of farming operations with the socio-economic characteristics of the persons who completed a Census of Agriculture questionnaire and their families. For more details the reader is referred to User Services, Census of Agriculture Section, Statistics Canada.

Adjustment for inflation: Sales figures have been adjusted for changes in the prices of farm products. Income figures have been adjusted for inflation using the Consumer Price Index. All sales and income data are reported in 1980 dollars.

Titles of Tables:

1 Income of Census Farm Operators by Stated Occupation and Value of Agricultural Products Sold

2 Distribution of Census Farm Operators by Stated Occupation, Value of Agricultural Products Sold and Percent of Total Income from Farming

3 Distribution of Census Farm Operators by Sources of Income and Value of Agricultural Products Sold

4 Distribution of Census Farm Operators by Total Income, Value of Agricultural Products Sold and Percent of Total Income from Farming

5 Distribution of Census Farm Operators by Sources of Income and Net Farm Income

6 Distribution of Census Farm Operators by Sources of Income, Type of Organization and Value of Agricultural Products Sold

7 Distribution of Census Farm Operators by Type of Enterprise, Occupation and Percent of Total Income from Farming

8 Income of Census Farm Families by Total Income and Percentage of Income Derived from Farming

TABLE III - 1

INCOME OF CENSUS FARM OPERATORS BY STATED OCCUPATION AND VALUE OF AGRICULTURAL PRODUCTS SOLD, ONTARIO

ALL OPERATORS		ALL CENSUS FARM OPERATORS	OPERATORS REPORTING FARMING OCCUPATIONS					OPERATORS REPORTING NON-FARMING OCCUPATIONS				
				VALUE OF AGRICULTURAL PRODUCTS SOLD					VALUE OF AGRICULTURAL PRODUCTS SOLD			
			TOTAL FARMING OCCUPATIONS	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over	TOTAL NON-FARMING OCCUPATIONS	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
Total Operators	1970	94,920	55,090	11,970	26,275	11,480	5,365	30,225	20,805	7,755	1,105	560
	1980	82,450	47,250	9,345	15,620	10,825	11,465	28,855	19,290	7,735	1,040	785
Average total income	1970	13,002	11,688	7,522	10,184	15,892	19,352	16,591	16,092	16,515	21,125	27,209
	1980	17,322	14,616	9,745	12,896	17,288	18,409	22,971	22,359	23,361	26,062	30,039
Operators reporting negative or 0 total income	1970	5,730	4,410	955	2,010	895	555	570	290	215	45	25
	1980	4,950	4,005	635	1,265	905	1,200	560	240	225	60	40
Average total income	1970	-6,535	-7,133	-4,485	-5,016	-8,332	-17,345	-6,658	-4,962	7,356	-9,758	-15,186
	1980	-14,217	-15,842	-6,275	-9,935	-14,933	-27,816	-9,800	-7,493	-7,920	-21,500	-17,518
Operators reporting positive total income	1970	89,190	50,680	11,015	24,265	10,585	4,810	29,655	20,515	7,540	1,060	535
	1980	77,500	43,245	8,710	14,355	9,920	10,265	28,295	19,050	7,510	980	745
Average total income	1970	14,258	13,326	8,563	11,443	17,940	23,586	17,038	16,390	17,196	22,436	29,136
	1980	19,337	17,437	10,913	14,908	20,228	23,813	23,620	22,735	24,298	28,974	32,592
Operators reporting negative or 0 farm income	1970	34,485	10,595	3,745	4,275	1,440	1,135	19,970	14,640	4,135	610	385
	1980	30,750	9,425	3,390	2,930	1,175	1,930	18,190	12,925	4,215	555	495
Average total income	1970	14,774	13,418	9,240	12,213	21,165	21,891	16,562	16,276	15,726	20,868	29,559
	1980	18,744	14,692	11,015	13,201	19,019	20,783	22,251	22,355	21,485	21,261	27,140
Operators reporting Positive farm income	1970	54700	40,085	7,275	19,995	9,145	3,670	9,875	5,875	3,405	450	150
	1980	46,745	33,820	5,320	11,425	8,745	8,330	10,100	6,130	3,295	425	250
Average total income	1970	13,933	13,301	8,207	11,276	17,427	24,142	17,996	16,672	18,996	24,287	28,220
	1980	19,727	18,200	10,845	15,344	20,393	24,511	26,095	23,549	27,884	38,689	43,405

TABLE III - 2

DISTRIBUTION OF CENSUS FARM OPERATORS BY STATED OCCUPATION, VALUE OF AGRICULTURAL PRODUCTS SOLD AND PERCENT OF TOTAL INCOME FROM FARMING, ONTARIO

OPERATORS REPORTING POSITIVE TOTAL INCOME		ALL CENSUS FARM OPERATORS	OPERATORS REPORTING FARMING OCCUPATIONS					OPERATORS REPORTING NON-FARMING OCCUPATIONS				
				VALUE OF AGRICULTURAL PRODUCTS SOLD					VALUE OF AGRICULTURAL PRODUCTS SOLD			
			TOTAL FARMING OCCUPATIONS	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over	TOTAL NON-FARMING OCCUPATIONS	Under $10,000	$10,000 to $49,999	$50,000 to $99,999	$100,000 and over
Percent of total income from farming:												
Under 25%	1970	11,595	4,390	1,705	1,920	545	215	5,890	4,125	1,580	150	40
	1980	11,730	3,825	1,775	1,320	390	340	6,995	4,970	1,770	165	90
Average total income	1970	19,389	21,543	11,129	21,576	43,794	47,273	19,308	18,064	21,529	24,666	39,146
	1980	23,789	20,532	12,904	21,397	38,284	36,677	26,831	24,846	29,303	55,937	35,540
25% - 49%	1970	7,790	4,595	1,505	2,250	605	235	2,275	1,100	985	135	55
	1980	6,215	3,770	1,070	1,545	625	530	1,970	820	935	145	70
Average total income	1970	13,885	13,167	8,826	12,355	20,590	29,359	17,216	15,003	17,996	26,034	25,575
	1980	19,521	16,979	11,547	16,450	20,323	25,567	25,713	19,903	28,734	35,074	34,461
50% - 74%	1970	7,055	5,450	1,235	2,930	905	380	875	295	485	75	20
	1980	6,030	4,990	740	2,165	1,065	1,020	595	165	365	45	20
Average total income	1970	10,746	10,094	7,897	9,014	12,189	20,617	14,774	11,331	16,608	15,372	19,696
	1980	16,996	16,465	9,892	14,265	19,401	22,862	23,493	14,760	25,778	17,911	61,492
75% - 100%	1970	28,255	25,650	2,825	12,895	7,085	2,845	835	360	355	90	40
	1980	22,770	21,240	1,730	6,395	6,665	6,445	540	175	225	75	70
Average total income	1970	12,503	12,596	6,248	10,069	15,785	22,430	14,246	10,151	13,813	29,059	23,505
	1980	18,413	18,405	8,709	14,194	19,515	24,042	20,852	11,946	16,610	20,695	56,076

TABLE III - 3

DISTRIBUTION OF CENSUS FARM OPERATORS BY SOURCES OF INCOME AND VALUE OF AGRICULTURAL PRODUCTS SOLD, ONTARIO

	ALL CENSUS FARM OPERATORS		VALUE OF AGRICULTURAL PRODUCTS SOLD							
			Under $10,000		$10,000 - $49,999		$50,000 - $99,999		$100,000 and over	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Total Operators	94,920	82,445	38,345	32,480	37,025	24,960	13,330	12,360	6,220	12,645
Average Total Income	13,002	17,332	12,269	17,264	11,477	16,103	16,092	18,044	19,976	19,171
Operators Reporting Positive Farm Income	54,730	46,785	15,725	12,910	25,130	15,640	9,950	9,460	3,925	8,775
Average Farm Income	8,131	11,342	3,618	3,892	7,378	9,601	12,995	16,073	18,708	20,299
Operators Reporting Positive Non-Farm Employment Income	49,275	41,325	26,960	22,460	16,035	12,025	3,945	3,110	2,330	3,725
Average Non-Farm Employment Income	14,587	18,337	13,987	19,059	13,351	16,923	19,486	18,433	21,745	18,455
Operators Reporting Positive Other Income	78,770	65,830	31,530	26,850	30,255	19,450	11,510	9,580	5,475	9,950
Average Other Income	2,167	4,243	2,437	4,431	1,938	4,508	1,850	3,776	2,546	3,668
Operators Reporting Positive Total Income	89,190	77,495	36,750	31,425	34,540	23,370	12,310	11,335	5,590	11,360
Average Total Income	14,258	19,337	12,976	18,037	12,664	17,833	18,108	20,973	24,048	24,391
Operators Reporting Positive Farm Income	54,700	46,745	15,710	12,875	25,125	15,630	9,945	9,460	3,925	8,775
Average Total Income	13,933	19,727	11,498	16,888	12,337	18,002	17,700	21,338	24,356	25,225
Operators Reporting Zero or Negative Farm Income	34,485	30,750	21,040	18,545	9,415	7,740	2,365	1,880	1,670	2,585
Average Total Income	14,774	18,744	14,082	18,835	13,535	17,493	19,827	19,136	23,326	21,558
Operators Reporting Zero or Negative Total Income	5,730	4,950	1,595	1,055	2,480	1,590	1,025	1,020	630	1,285
Average Total Income	-6,535	-14,217	-4,044	-5,765	-5,030	-9,345	-8,141	-14,548	-16,158	-26,892

TABLE III - 4

DISTRIBUTION OF CENSUS FARM OPERATORS BY TOTAL INCOME, PERCENT OF TOTAL INCOME FROM FARMING AND VALUE OF AGRICULTURAL PRODUCTS SOLD, ONTARIO

	ALL CENSUS FARM OPERATORS		VALUE OF AGRICULTURAL PRODUCTS SOLD							
			Under $10,000		$10,000 - $49,999		$50,000 - $99,999		$100,000 and over	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Total Operators	94,920	82,450	38,345	32,480	37,025	24,960	13,330	12,360	6,220	12,645
Average Sales	35,783	56,487	3,454	3,637	25,389	24,969	69,622	71,314	224,439	239,980
Total Sales	3,397	4,657	132	118	940	623	928	881	1,396	3,035
Operators Reporting Positive Total Income	89,190	77,500	36,755	31,425	34,540	23,370	12,305	11,340	5,590	11,355
Operators by Percent of Total Income from Farming:										
Negative or Zero	34,485	30,755	21,040	18,545	9,415	7,745	2,365	1,875	1,665	2,585
Under 25%	11,590	11,730	6,825	7,465	3,775	3,250	740	570	260	445
25% to 49%	7,795	6,220	3,155	2,210	3,550	2,610	775	790	315	610
50% to 74%	7,055	6,030	1,930	1,075	3,685	2,725	1,030	1,170	410	1,060
75% to 100%	28,260	22,770	3,805	2,135	14,115	7,045	7,400	6,930	2,935	6,660
Operators by Total Income:										
Negative or Zero	5,730	4,950	1,590	1,055	2,485	1,590	1,025	1,020	630	1,290
Under $5,000	19,770	9,325	8,960	4,090	8,480	2,940	1,735	1,265	585	1,030
$5,000 to $9,999	22,720	17,290	8,355	6,290	10,280	5,760	3,105	2,795	980	2,445
$10,000 to $24,999	35,940	32,890	16,135	14,225	12,030	9,520	5,260	4,515	2,515	4,620
$25,000 and over	10,760	17,995	3,295	6,815	3,745	5,150	2,210	2,765	1,505	3,260

TABLE III - 5

DISTRIBUTION OF CENSUS OPERATORS BY SOURCES OF INCOME AND NET FARM INCOME, ONTARIO

			OPERATORS REPORTING FARM LOSSES				OPERATORS REPORTING POSITIVE FARM INCOME					
		ALL CENSUS FARM OPERATORS	LOSSES TOTAL	LOSS LESS THAN $2,500	LOSS $2,500 TO $4,999	LOSS $5,000 AND OVER	REPORTING ZERO FARM INCOME	PROFITS TOTAL	PROFIT LESS THAN $5,000	PROFIT $5,000 TO $9,999	PROFIT $10,000 TO $19,999	PROFIT $20,000 AND OVER
Total Operators	1970	94,920	19,140	8,495	4,785	5,855	21,050	54,730	27,030	14,405	8,940	4,360
	1980	82,445	16,865	5,575	4,390	6,895	18,800	46,785	18,380	12,555	9,025	6,830
Operators Reporting Positive Total Income	1970	89,190	14,335	7,085	3,690	3,565	20,150	54,705	27,005	14,400	8,935	4,360
	1980	77,495	12,390	4,885	3,735	3,770	18,365	46,745	18,350	12,550	9,010	6,825
Average Total Income	1970	14,258	13,722	11,960	13,647	17,303	15,522	13,933	8,860	12,187	18,743	41,275
	1980	19,337	18,538	16,829	19,184	20,113	18,884	19,727	13,629	14,083	19,678	46,553
Operators Reporting Positive Farm Income	1970	54,730	-	-	-	-	-	54,730	27,030	14,405	8,935	4,360
	1980	46,785	-	-	-	-	-	46,785	18,375	12,555	9,025	6,825.
Average Farm Income	1970	8,131	-	-	-	-	-	8,131	2,272	7,180	13,805	35,979
	1980	11,342	-	-	-	-	-	11,342	2,253	7,115	13,659	40,510
Operators Reporting Positive Non-Farm Employment Income	1970	49,275	12,805	5,445	3,460	3,905	18,520	17,945	11,710	3,855	1,670	710
	1980	41,330	11,280	3,820	3,330	4,130	14,475	15,575	9,265	3,450	1,860	1,005
Average Non-Farm Employment Income	1970	14,587	16,728	14,120	15,971	21,036	14,892	12,744	11,316	13,571	17,931	19,610
	1980	18,337	20,992	18,286	20,297	24,054	18,832	15,954	15,767	16,106	15,747	17,542
Operators Reporting Positive Other Income	1970	78,770	16,520	7,235	4,160	5,125	16,810	45,440	21,795	12,220	7,695	3,725
	1980	65,830	12,390	4,490	3,485	4,415	15,230	38,210	14,730	10,295	7,475	5,710
Average Other Income	1970	2,167	2,636	2,256	2,345	3,409	2,233	1,972	2,088	1,637	1,846	2,651
	1980	4,243	4,924	4,199	4,952	5,638	4,903	3,759	4,260	3,117	3,339	4,176
VALUE OF AGRICULTURAL PRODUCTS SOLD:												
Less Than $5,000	1970	26,585	7,090	3,650	1,815	1,625	9,860	9,625	7,990	1,095	380	155
	1980	22,530	5,680	2,505	1,865	1,320	8,800	8,050	6,810	740	335	170
$5,000 - $9,999	1970	11,760	3,425	1,540	955	930	2,230	6,105	4,300	1,435	295	75
	1980	9,945	2,755	980	900	875	2,335	4,855	2,820	1,690	275	75
$10,000 - $49,999	1970	37,020	6,310	2,755	1,510	2,045	5,580	25,130	11,955	7,745	3,980	1,450
	1980	24,960	5,230	1,595	1,160	2,475	4,090	15,640	5,690	5,015	3,350	1,585
$50,000 and Over	1970	19,555	2,305	550	505	1,255	3,380	13,870	2,785	4,135	4,280	2,675
	1980	25,010	3,200	500	470	2,225	3,570	18,240	3,060	5,120	5,065	4,995

TABLE III - 6

DISTRIBUTION OF CENSUS FARM OPERATORS BY SOURCES OF INCOME, TYPE OF ORGANIZATION AND VALUE OF AGRICULTURAL PRODUCTS SOLD, ONTARIO

		VALUE OF AGRICULTURAL PRODUCTS SOLD									
		All Operators		Under $10,000		$10,000 to $49,999		$50,000 to $99,999		$100,000 and over	
		1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Total Operators	Individual Farm	85,740	67,830	36,130	29,780	33,700	21,385	11,345	9,320	4,575	7,350
	Partnership	7,000	11,650	1,560	2,280	2,705	3,145	1,685	2,665	1,050	3,560
	Corporation	2,080	2,880	615	375	590	425	295	350	580	1,730
Percent Reporting Positive Total Income	Individual Farm	94.0	94.1	95.8	96.8	93.3	93.7	92.2	91.3	88.4	87.6
	Partnership	93.5	93.2	95.2	96.1	93.5	93.3	91.7	94.0	93.8	90.9
	Corporation	94.0	95.7	95.9	97.3	92.4	94.1	94.9	91.4	94.0	96.8
Average Total Income	Individual Farm	14,086	19,213	12,958	18,031	12,654	17,874	18,111	21,657	24,461	25,443
	Partnership	14,845	18,423	12,905	16,614	12,424	16,226	16,774	19,150	20,963	21,073
	Corporation	18,971	25,699	14,024	26,855	13,808	27,606	24,891	17,433	26,401	26,580
Percent Reporting Positive Farm Income	Individual Farm	57.6	56.2	41.2	40.3	68.2	63.3	74.9	76.8	65.5	73.6
	Partnership	63.6	67.2	36.9	35.1	66.7	65.2	76.9	82.0	73.3	78.5
	Corporation	43.2	29.0	42.3	21.3	55.1	15.3	52.5	31.4	28.4	32.9
Average Farm Income	Individual Farm	7,978	10,743	3,594	3,795	7,421	9,754	13,160	16,428	19,344	21,117
	Partnership	9,311	13,298	4,117	5,243	6,658	8,340	11,232	14,860	16,221	18,023
	Corporation	10,721	20,076	3,943	5,295	8,326	17,450	18,679	17,036	18,769	23,131
Percent Reporting Positive Non-Farm Employment Income	Individual Farm	52.3	51.1	70.4	68.8	43.2	47.7	28.9	24.4	34.2	23.0
	Partnership	42.9	38.6	67.0	71.3	41.8	47.4	29.4	23.3	31.0	21.2
	Corporation	65.4	73.6	74.0	82.7	53.4	76.5	52.5	57.1	75.0	74.0
Average Non-Farm Employment Income	Individual Farm	14,440	18,618	13,951	19,129	13,306	16,963	19,548	19,647	22,284	21,033
	Partnership	15,183	16,048	14,507	17,414	13,482	15,993	18,121	15,708	18,826	13,497
	Corporation	17,581	18,693	14,420	23,580	14,256	19,936	22,065	13,601	21,697	18,011
Percent Reporting Positive Other Income	Individual Farm	83.2	79.9	82.3	83.3	82.1	77.5	86.9	76.2	88.6	78.1
	Partnership	79.6	79.7	77.9	76.1	76.9	80.4	81.6	82.6	85.7	79.4
	Corporation	86.1	78.5	86.2	70.7	82.2	81.2	91.5	74.3	87.1	80.3
Average Other Income	Individual Farm	2,130	4,262	2,445	4,434	1,904	4,476	1,750	3,974	2,286	3,261
	Partnership	2,453	3,387	2,379	3,716	2,575	3,774	2,240	3,087	2,595	3,071
	Corporation	2,762	7,264	2,127	8,268	1,131	11,453	3,557	4,335	4,582	6,580

TABLE III - 7

DISTRIBUTION OF CENSUS FARM OPERATORS BY TYPE OF ENTERPRISE, OCCUPATION AND PERCENT OF INCOME DERIVED FROM FARMING, ONTARIO

		TOTAL	DAIRY	CATTLE	HOGS	POULTRY	GRAINS	OTHER FIELD CROPS	FRUITS & VEGETABLES	MISCELLANEOUS SPECIALTY	MIXED TYPES
Number of Operators	1970	76,745	18,950	22,570	7,125	2,135	7,120	4,725	4,575	2,635	6,910
	1980	68,995	13,020	19,565	5,045	1,835	14,700	3,255	4,215	3,795	3,570
Average Total Income	1970	12,947	12,781	11,109	12,065	14,910	14,654	19,295	15,169	16,964	10,602
	1980	17,278	17,610	15,399	12,562	18,992	19,030	21,463	18,488	21,602	15,127
Operators Reporting Farming Occupations	1970	51,175	15,565	12,780	4,330	1,470	3,835	3,800	2,795	1,480	5,115
	1980	41,255	11,095	10,005	3,125	1,055	7,470	2,370	2,235	1,705	2,200
Reporting Positive Farm Income	1970	74.2%	82.6%	68.8%	70.6%	58.5%	70.3%	73.2%	74.8%	50.7%	80.3%
	1980	74.3%	84.9%	69.5%	67.7%	73.0%	75.2%	69.6%	68.9%	55.7%	74.1%
Farm Income Less than 25% of Total Inc.	1970	7.2%	5.9%	8.9%	6.4%	6.8%	8.7%	5.4%	8.4%	7.4%	6.9%
	1980	7.0%	3.7%	11.5%	5.1%	6.2%	7.9%	2.5%	7.8%	7.3%	6.6%
Farm Income 25% to 74% of Total Income	1970	18.3%	15.6%	22.3%	16.6%	13.9%	20.7%	12.9%	24.5%	12.2%	19.9%
	1980	18.9%	14.9%	23.2%	14.6%	17.1%	22.8%	14.6%	21.0%	15.8%	18.6%
Farm Income 75% to 100% of Total Inc.	1970	48.7%	61.0%	37.6%	47.6%	38.1%	40.7%	55.1%	42.0%	31.4%	53.4%
	1980	48.4%	66.4%	34.8%	48.3%	49.8%	44.5%	52.5%	40.0%	32.8%	48.6%
Operators Reporting Non-Farming Occupations	1970	19,190	1,920	7,490	2,310	550	2,735	630	1,400	920	1,240
	1980	23,265	1,300	8,020	1,650	670	6,155	680	1,700	1,905	1,185
Reporting Positive Farm Income	1970	38.3%	46.4%	36.6%	32.3%	36.4%	40.2%	47.6%	43.6%	33.2%	37.9%
	1980	40.8%	56.5%	38.0%	36.1%	43.3%	43.9%	42.6%	45.0%	34.4%	35.4%
Farm Income Less than 25% of Total Inc.	1970	20.2%	19.8%	20.1%	17.1%	16.4%	22.9%	24.6%	23.6%	18.5%	17.7%
	1980	22.4%	13.8%	23.0%	20.0%	26.1%	24.7%	22.1%	26.2%	16.8%	20.7%
Farm Income 25% to 74% of Total Income	1970	14.6%	19.8%	13.4%	11.3%	16.4%	15.2%	17.5%	17.1%	10.9%	16.1%
	1980	12.8%	16.2%	11.7%	11.8%	11.2%	15.0%	10.3%	15.9%	8.9%	11.0%
Farm Income 75% to 100% of Total Inc.	1970	3.5%	6.5%	3.1%	4.1%	3.6%	2.0%	5.6%	2.5%	3.8%	4.0%
	1980	5.7%	26.9%	3.3%	3.9%	6.0%	4.2%	11.0%	3.2%	8.9%	4.2%

TABLE III - 8

DISTRIBUTION OF CENSUS FARM FAMILIES BY TOTAL FAMILY INCOME AND

PERCENTAGE DERIVED FROM FARMING, ONTARIO

	Total of All Families		TOTAL FAMILY INCOME ($)							
			0 - 4999		5000 - 9999		10000-24999		over 25000	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Families with an operator present	86625	75035	8235	2685	17005	8040	38980	29645	19450	31725
Average total family income ($)	18370	26629	3054	2704	7505	8029	16526	16982	42250	45348
Families reporting negative or zero total income	2955	2940	--	--	--	--	--	-	--	--
Average family loss ($)	-9314	-19081	--	--	-	--	--	-	-	--
Families reporting positive total income	83670	72095	8235	2685	17005	8040	38980	29645	19450	31725
Average total family income ($)	19347	28539	3054	2704	7505	8029	16526	16982	42250	45348
Families reporting negative or zero farm income	32935	28610	3470	1640	5520	2940	16285	11775	7665	12260
Average total family income ($)	19515	27142	2761	2314	7554	7936	16646	16982	41820	44179
Percentage of total income from farming: 0 - 24%	16210	15405	730	160	2390	1085	7765	5835	5325	8320
Average total family income ($)	23707	31965	3374	3611	7570	8154	17369	17219	42977	45161
Percentage of total income from farming: 25 - 49%	9950	8705	835	135	2080	780	4895	4065	2140	3725
Average total family income ($)	18506	27073	3270	3506	7570	8264	16687	16753	39693	42582
Percentage of total income from farming: 50 - 74%	8360	7415	785	225	2155	800	3825	3280	1595	3105
Average total family income ($)	16887	27718	3167	2917	7515	8005	15713	16125	39134	46452
Percentage of total income from farming: 75 - 100%	16215	11960	2415	525	4860	2435	6205	4685	2730	4315
Average total family income ($)	16373	29056	3266	3321	7487	8018	15533	15764	45865	57973
Distribution of families by major source of income:										
- Net farm self-employment	29755	24780	3660	1120	7750	3470	11110	9000	4785	8545
- Non farm employment	48315	39140	2345	795	6315	2215	25685	15640	13715	20335
- Other	8520	10995	2235	765	3140	2355	2180	5000	955	2840
- Families reporting no income	40	120	0	0	0	0	0	0	0	0

APPENDIX IV

TAX-FILER STATISTICS

These statistics are information contained in individual tax-filer returns as submitted rather than as allowed by Revenue Canada-Taxation. All the statistics are for the calendar year 1983.

Tables 1 - 6	The source of this information is Statistics Canada. A farm tax-filer is defined as an individual who had (a) a positive gross farm income or (b) a non-zero net farm income. For these statistics the sample is also the population.
Table 7	The source of this information is Revenue Canada-Taxation. For Canada as a whole the sample is 2.9% of the population. However, for rural areas the sample size is proportionately larger.

In Tables 1 - 3:

FY	is Net Farm Income
OOFY	is Other Off-Farm Income
IY	is Investment Income
RY	is Rental Income
BY	is Business (non-farm self-employment) Income
WY	is Wages and Salaries

Titles of Tables

1. Distribution of Farm Tax-filers by Gross Farm Income and Sources of Income
2. Average Income of Farm Tax-filers by Gross Farm Income and Sources of Income
3. Total Income of Farm Tax-filers by Gross Farm Income and Sources of Income
4. Distribution of Farm Tax-filers by Gross Farm Income, Sources of Income and Age
5. Average Income of Farm Tax-filers by Gross Farm Income, Sources of Income and Age
6. Total Income of Farm Tax-filers by Gross Farm Income, Sources of Income and Age
7. Average Income of Tax-filers by Occupation and Sources of Income

TABLE IV - 1

DISTRIBUTION OF FARM TAX-FILERS BY GROSS FARM INCOME AND SOURCES OF INCOME, ONTARIO, 1983

	Source of Income	All Farm Tax-Filers	GROSS FARM INCOME				
			Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
All Farm Tax Filers	FY	114,575	28,070	13,745	15,170	18,765	16,885	22,015
	OOFY	71,037	19,662	9,203	9,745	10,902	9,210	12,453
	IY	87,192	21,641	10,734	12,130	14,824	12,492	15,411
	RY	12,947	4,140	1,582	1,629	1,858	1,536	2,197
	BY	11,114	4,079	1,658	1,614	1,614	1,062	1,136
	WY	51,090	18,735	8,165	8,175	8,180	4,210	3,700
Farm Tax-Filers Reporting Non-Farm Employment Income, i.e. Wages and Salaries or Business Income	FY	57,935	20,980	9,165	9,140	9,240	4,980	4,580
	OOFY	38,129	14,058	6,180	6,093	6,006	3,134	2,808
	IY	43,862	15,473	6,962	7,149	7,214	3,738	3,456
	RY	7,307	3,215	1,092	1,014	988	541	522
	BY	11,114	4,079	1,658	1,614	1,614	1,062	1,136
	WY	51,090	18,735	8,165	8,175	8,180	4,210	3,700
Farm Tax-Filers Reporting Investment or Rental Income but not Non-farm Employment Income	FY	44,045	6,240	3,810	5,035	7,720	8,920	12,350
	OOFY	26,743	5,089	2,733	3,231	4,131	4,656	6,970
	IY	43,330	6,168	3,772	4,981	7,610	8,754	11,955
	RY	5,640	925	490	615	870	995	1,675
Farm Tax-Filers Reporting Farm Income and Other Off-Farm Income only	FY	6,165	475	290	430	765	1,420	2,675
	OOFY	6,165	475	290	430	765	1,420	2,675
Farm Tax-Filers Reporting Farm Income only	FY	6,430	375	480	565	1,040	1,565	2,410

TABLE IV - 2

AVERAGE INCOME OF FARM TAX-FILERS BY GROSS FARM INCOME AND SOURCES OF INCOME, ONTARIO, 1983

	Source of Income	All Farm Tax-Filers	GROSS FARM INCOME					
			Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
All Farm Tax Filers	FY	2,389	-1,911	-1,316	-597	1,468	6,362	9,953
	OOFY	2,117	3,163	2,846	2,567	1,982	1,220	1,135
	IY	3,693	4,164	3,953	4,168	3,874	3,068	2,931
	RY	62	-76	20	66	175	119	120
	BY	1,215	2,238	1,683	1,200	952	527	384
	WY	9,560	16,502	13,212	11,971	8,248	3,592	2,277
	TOTAL	19,096	24,080	20,397	19,375	16,699	14,888	16,826
Farm Tax-Filers Reporting Non-Farm Employment Income, i.e. Wages and Salaries or Business Income	FY	-1,271	-2,144	-2,133	-2,058	-1,410	1,222	3,602
	OOFY	2,141	2,368	2,343	2,107	1,937	1,519	1,891
	IY	3,250	3,121	2,876	3,179	3,148	3,314	4,946
	RY	3	-196	-95	-75	174	133	83
	BY	2,403	2,995	2,524	1,992	1,933	1,788	1,847
	WY	18,906	22,079	19,814	19,868	16,750	12,059	10,947
	TOTAL	25,432	28,222	25,329	25,013	22,533	20,035	23,315
Farm Tax-Filers Reporting Investment or Rental Income but not Non-Farm Employment Income	FY	6,349	-1,320	-24	1,469	4,429	9,389	13,210
	OOFY	2,568	5,807	4,332	3,628	2,281	1,248	1,068
	IY	5,332	8,239	7,341	6,785	5,648	3,958	3,390
	RY	157	316	301	337	217	150	184
	TOTAL	14,405	13,042	11,950	12,219	12,256	14,745	17,851
Farm Tax-Filers Reporting Farm Income and Other Off-Farm Income only	FY	6,590	-1,291	338	2,530	4,034	7,251	9,768
	OOFY	1,992	6,057	3,924	3,307	2,204	1,339	1,175
	TOTAL	8,582	4,766	4,262	5,837	6,238	8,590	10,943
Farm Tax Filers Reporting Farm Income only	FY	4,218	488	3,031	2,724	3,173	4,661	5,583

TABLE IV - 3

TOTAL INCOME OF FARM TAX-FILERS BY GROSS FARM INCOME AND SOURCES OF INCOME, ONTARIO, 1983 ($000)

	Source of Income	All Farm Tax-Filers	GROSS FARM INCOME Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
All Farm Tax-Filers	FY	273,721	-53,647	-18,089	-9,056	27,547	107,424	219,123
	OOFY	242,555	88,792	39,115	38,945	37,192	20,597	24,989
	IY	423,125	116,884	58,330	63,222	72,696	51,806	64,521
	RY	7,103	-2,141	279	1,007	3,284	2,003	2,649
	BY	139,208	62,826	23,132	18,211	17,864	8,906	8,460
	WY	1,095,337	463,208	181,594	181,594	154,774	60,652	50,137
	TOTAL	2,187,923	675,922	280,361	293,923	313,357	251,388	370,423
Farm Tax-Filers Reporting Non-Farm Employment Income, i.e. Wages and Salaries or Business Income	FY	-73,653	-44,978	-19,549	-18,807	-13,030	6,085	16,497
	OOFY	124,028	49,679	21,471	19,256	17,894	7,567	8,659
	IY	188,296	65,470	26,362	29,058	29,091	16,503	22,651
	RY	193	-4,112	-868	-689	1,608	662	378
	BY	139,208	62,826	23,132	18,211	17,864	8,906	8,460
	WY	1,095,337	463,208	181,594	181,594	154,774	60,052	50,137
	TOTAL	1,473,409	592,093	232,142	228,623	208,201	99,775	106,782
Farm Tax-Filers Reporting Investment or Rental Income but Not Non-Farm Employment	FY	279,625	-8,239	-93	7,396	34,191	83,749	163,138
	OOFY	113,121	36,236	16,506	18,267	17,612	11,128	13,187
	IY	234,829	51,414	27,968	34,164	43,605	35,303	41,869
	RY	6,910	1,971	1,147	1,696	1,676	1,341	2,271
	TOTAL	634,485	81,382	45,528	61,523	97,084	131,521	220,465
Farm Tax-Filers Reporting Farm Income and Other Off-Farm Income only	FY	40,627	-613	98	1,088	3,086	10,296	26,129
	OOFY	12,280	2,877	1,138	1,422	1,686	1,902	3,143
	TOTAL	52,907	2,264	1,236	2,510	4,772	12,198	29,272
Farm Tax Filers Reporting Farm Income only	FY	27,122	183	1,455	1,539	3,300	7,294	11,359

TABLE IV - 4

DISTRIBUTION OF FARM TAX-FILERS BY SOURCES OF INCOME, GROSS FARM INCOME AND AGE, ONTARIO, 1983

	Age of Tax-Filer	All Tax-Filers	GROSS FARM INCOME					
			Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
Number of Farm Tax-Filers	Under 25	6,155	1,675	955	940	965	735	885
	25 - 40	33,890	7,700	3,485	3,855	5,125	5,420	8,320
	41 - 50	24,855	5,775	2,625	2,885	3,840	3,880	5,845
	51 - 65	36,005	8,110	4,295	5,020	6,765	5,780	6,095
	66 and over	13,605	4,715	2,385	2,465	2,080	1,090	860
Percent Reporting Non-Farm Employment Income*	Under 25	58 - 62	85 - 90	60 - 65	57 - 61	57 - 60	36 - 40	23 - 25
	25 - 40	55 - 66	85 - 99	81 - 94	75 - 87	60 - 71	33 - 40	18 - 24
	41 - 50	54 - 66	84 - 99	79 - 96	74 - 88	56 - 67	29 - 36	17 - 22
	51 - 65	40 - 49	66 - 80	58 - 70	48 - 58	33 - 40	17 - 22	15 - 20
	66 and over	9 - 14	10 - 16	9 - 14	8 - 13	8 - 11	8 - 11	10 - 14
Percent Reporting Investment or Rental Income*	Under 25	57 - 60	55 - 57	56 - 57	60 - 62	62 - 64	57 - 59	55 - 59
	25 - 40	63 - 71	63 - 74	65 - 73	69 - 75	67 - 73	61 - 66	59 - 66
	41 - 50	76 - 89	76 - 94	77 - 90	79 - 91	78 - 89	76 - 86	73 - 85
	51 - 65	85 - 99	85 - 99	86 - 99	86 - 99	87 - 98	84 - 95	81 - 94
	66 and over	94 - 99	94 - 99	94 - 99	94 - 99	91 - 99	92 - 99	91 - 99
Percent Reporting Other Off-Farm Income*	Under 25	31	40	26	31	31	28	21
	25 - 40	63	70	67	65	61	58	61
	41 - 50	65	72	71	67	61	60	61
	51 - 65	50	58	56	51	45	42	45
	66 and over	99	99	99	99	99	99	99

* '99' indicates 99 to 100 inclusive

TABLE IV - 5

AVERAGE INCOME OF FARM TAX-FILERS BY SOURCES OF INCOME, GROSS FARM INCOME AND AGE

			GROSS FARM INCOME					
	Age of Tax-Filer	All Tax-Filers	Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
Net Farm Income	Under 25	2,754	-76	2,346	3,015	2,436	5,345	6,458
	25 - 40	2,081	-2,190	-1,879	-1,637	36	5,016	8,602
	41 - 50	2,219	-2,445	-2,407	-2,147	-274	5,423	10,580
	51 - 65	3,250	-1,946	-1,398	-493	2,896	8,407	12,019
	66 and over	1,018	-1,352	-609	745	3,078	6,230	7,698
Non-Farm Employment Income	Under 25	5,673	9,130	5,736	5,983	5,365	2,553	1,599
	25 - 40	12,612	23,505	20,436	17,912	12,334	4,774	2,096
	41 - 50	15,539	29,119	24,072	21,278	13,512	5,747	2,756
	51 - 65	10,165	19,407	14,556	12,046	6,920	2,997	3,613
	66 and over	1,416	1,525	975	1,339	1,283	1,512	2,483
Investment and Rental Income	Under 25	569	508	464	627	622	539	621
	25 - 40	1,348	1,453	1,704	1,434	1,413	1,169	1,135
	41 - 50	2,809	2,773	3,030	3,103	3,074	2,617	2,554
	51 - 65	5,323	5,906	4,998	5,787	5,431	4,650	4,910
	66 and over	8,768	8,134	7,881	8,167	9,390	9,259	14,306
Other Off-Farm Income	Under 25	622	898	514	649	702	399	277
	25 - 40	1,146	1,535	1,372	1,402	1,189	799	774
	41 - 50	1,366	1,853	1,679	1,596	1,346	893	958
	51 - 65	2,193	3,693	3,085	2,456	1,696	975	1,056
	66 and over	6,888	7,325	6,785	6,491	6,613	6,330	7,290
Total Income	Under 25	9,613	10,461	9,060	10,274	9,256	8,833	8,956
	25 - 40	17,186	24,291	21,633	19,442	14,973	11,759	12,606
	41 - 50	21,933	31,299	26,374	23,788	18,459	14,679	16,848
	51 - 65	20,931	27,060	21,242	19,794	16,943	17,029	21,597
	66 and over	18,091	15,633	15,032	16,743	20,364	23,325	31,777

TABLE IV - 6

TOTAL INCOME OF FARM TAX-FILERS BY SOURCES OF INCOME, GROSS FARM INCOME AND AGE, ONTARIO, 1983 ($000)

			GROSS FARM INCOME					
	Age of Tax-Filer	All Tax-Filers	Under $5,000	$5,000 to $9,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and over
Net Farm Income	Under 25	16,951	-127	2,240	2,834	2,351	3,929	5,715
	25 - 40	70,525	-16,863	-6,548	-6,311	185	27,187	71,656
	41 - 50	55,153	-14,120	-6,318	-6,194	-1,052	21,041	61,839
	51 - 65	117,016	-15,782	-6,004	-2,475	19,591	48,592	73,256
	66 and over	13,850	-6,375	-1,452	1,836	6,402	6,791	6,620
Non-Farm Employment Income	Under 25	34,917	15,293	5,479	5,624	5,177	1,876	1,815
	25 - 40	427,421	180,987	71,219	69,051	63,212	25,875	17,459
	41 - 50	386,222	168,161	63,192	61,387	51,886	22,298	16,107
	51 - 65	365,991	157,391	62,518	60,471	46,814	17,323	22,021
	66 and over	19,265	7,190	2,325	3,301	2,669	1,648	2,135
Investment and Rental Income	Under 25	3,502	851	443	589	600	396	550
	25 - 40	45,684	11,185	5,938	5,528	7,242	6,336	9,456
	41 - 50	69,818	16,011	7,954	8,952	11,804	10,154	14,929
	51 - 65	191,655	47,898	21,466	29,051	36,741	26,877	29,928
	66 and over	119,289	38,352	18,796	20,132	19,531	10,092	12,303
Other Off-Farm Income	Under 25	3,828	1,503	491	610	677	293	245
	25 - 40	38,838	11,817	4,781	5,405	6,094	4,331	6,440
	41 - 50	33,952	10,702	4,407	4,604	5,169	3,465	5,599
	51 - 65	78,959	29,950	13,250	12,329	11,473	5,636	6,434
	66 and over	93,711	34,537	16,182	16,000	13,755	6,900	6,337
Total Income	Under 25	59,199	17,522	8,652	9,658	8,932	6,492	7,926
	25 - 40	582,434	187,041	75,391	74,949	76,737	63,734	105,007
	41 - 50	545,145	180,752	69,232	68,628	70,883	56,955	98,477
	51 - 65	753,621	219,457	91,234	99,366	114,619	98,428	131,634
	66 and over	246,128	73,710	35,851	41,271	42,357	25,424	27,328

TABLE IV - 7

AVERAGE INCOME OF TAX-FILERS BY OCCUPATION AND SOURCES OF INCOME, ONTARIO, 1983

	All Tax-Filers	Employees	Self-Employed Professionals	Business Proprietors	Investors and Property Owners	Pensioners	Farmers	Farm Tax-Filers
Number of Tax-Filers	5,777,829	3,901,260	55,800	182,469	517,244	424,787	67,788	114,575
Wages and Salaries	13,188	18,894	2,316	2,224	2,180	446	2,103	9,560
Percent Reporting	(75-80)	(100)	(23-35)	(23-25)	(23-24)	(13-14)	(25-26)	(44.6)
Business Income	695	-4	42,783	7,678	121	36	152	1,215
Percent Reporting	(5-8)	(2-3)	(100)	(100)	(3-5)	(1-3)	(4-5)	(9.7)
Net Farm Income	54	-19	-43	-31	-33	-15	6,141	2,389
Percent Reporting	(2.0)	(0.7)	(1.6)	(2.1)	(1.7)	(1.0)	(99.5)	
Investment Income	2,054	661	3,508	1,338	14,629	2,286	2,798	3,693
Percent Reporting	(46-82)	(42-68)	(62-100)	(46-71)	(90-100)	(78-100)	(69-100)	(76.1)
Rental Income	32	-17	-178	77	453	24	97	62
Percent Reporting	(4.8)	(3.9)	(12.5)	(10.4)	(13.6)	(4.7)	(8.2)	(11.3)
Taxable Capital Gains	126	34	445	250	912	60	368	
Percent Reporting	(6.7)	(4.8)	(19.4)	(8.3)	(22.0)	(9.6)	(14.7)	
Pension Income	985	133	420	326	2,093	9,102	771	
Percent Reporting	(10-27)	(2-5)	(4-11)	(5-11)	(36-74)	(80-100)	(13-27)	
Family Allowances	139	161	287	182	39	16	213	2,177
Percent Reporting	(23.6)	(27.5)	(36.3)	(29.3)	(7.1)	(3.4)	(30.8)	(62.0)
Unemployment Insurance	497	405	79	184	88	178	175	
Percent Reporting	(18.7)	(20.5)	(3.4)	(6.6)	(3.4)	(4.7)	(5.7)	
Miscellaneous Income	320	212	617	236	199	360	261	
Percent Reporting	(13.7)	(13.3)	(15.4)	(10.0)	(7.9)	(18.0)	(9.9)	
TOTAL INCOME	18,091	20,460	50,194	12,465	20,681	12,492	13,018	19,096

Note: The first seven columns are from statistics obtained from Revenue Canada. The last column is from statistics obtained from Statistics Canada

APPENDIX V

INCOMES OF CENSUS FARM FAMILIES

This appendix contains detailed statistics on incomes of Census Farm families by gross farm sales, family members and sources of income for the various regions of Ontario and also according to the type of agricultural enterprise. The data is for the year 1980. These statistics were obtained for the Council from Statistics Canada.

Titles of Tables:

1 Incomes of Farm Families by Source and Family Members and Gross Farm Sales, Ontario

Incomes of Farm Families by region:

2 Southern Ontario
3 Western Ontario
4 Central Ontario
5 Eastern Ontario
6 Northern Ontario

Incomes of Farm Families by Enterprise:

7 Dairy
8 Cattle
9 Hogs
10 Poultry
11 Mixed Livestock
12 Small Grains
13 Mixed Field Crops
14 Other Field Crops
15 Mixed Other
16 Miscellaneous Specialty

TABLE V - I

Income of Farm Families by Source and Family Members and Gross Farm Sales, Ontario, 1980

	Gross Farm Sales															Total Ontario $2500 or more		
	$2500 - 19999			$20000 - 34999			$35000 - 49999			$50000 - 149999			$150000 and over					
	Number or $	% of Family Income	% Reporting	Number or $	% of Family Income	% Reporting	Number or $	% of Family Income	% Reporting	Number or $	% of Family Income	% Reporting	Number or $	% of Family Income	% Reporting	Number or $	% of Family Income	% Reporting
Number of Families	26310			6050			3430			16805			4025			61520		
Ave. Gross Sales	8416			26706			41697			87.84			305048			31796.32		
Ave. Total Capital Value	202000			209226			277607			364855			1076275			365467.6		
Ave. Operator Net Farm Income	1404.00	5.60	74.00	4414.00	18.00	83.60	7003.00	20.40	87.50	11285.00	40.40	89.50	10269.00	37.40	80.00	5706.72	22.15	81.75
Ave. Operator Off-farm Empl. Income *	13848.00	68.80	47.60	7473.00	31.00	47.60	6138.00	25.40	34.00	4219.00	15.10	23.20	5180.00	18.90	24.60	8238.42	31.96	37.96
Ave. Operator Gov't Income	1030.00	4.10	56.60	726.00	3.20	56.60	665.00	2.60	58.90	672.00	2.40	65.50	362.00	1.00	64.20	836.33	3.21	59.84
Ave. Operator Investment Income	2833.00	8.00	46.60	2486.00	10.20	46.80	2167.00	9.10	46.80	1977.00	7.10	39.90	1838.00	6.80	41.10	2063.69	8.01	44.44
Ave. Operator Retirement Income	355.00	1.40	5.20	224.00	1.00	5.20	263.00	0.80	4.60	177.00	0.60	2.70	91.00	0.30	2.70	254.60	0.99	4.24
Ave. Spouse Net Farm Income	90.00	0.40	0.80	437.00	1.80	12.20	696.00	2.00	15.40	2040.00	7.20	24.40	2207.00	8.00	24.40	893.58	3.47	14.30
Ave. Spouse Off-farm Empl. Income	3705.00	14.60	41.20	3183.30	13.50	36.50	3633.00	10.90	34.40	2376.00	8.50	31.40	2430.00	8.90	33.90	3076.09	11.93	36.91
Ave. Spouse Gov't Income	418.00	1.60	33.30	317.00	1.30	31.10	352.00	1.00	19.00	281.00	0.70	17.40	237.00	0.90	20.50	316.37	1.23	28.40
Ave. Spouse Investment Income	849.00	3.30	33.30	761.00	3.20	34.30	634.00	2.60	34.40	714.00	2.50	33.00	750.00	2.70	33.30	772.61	3.00	32.86
Ave. Spouse Retirement Income	101.00	0.40	2.10	97.00	0.40	2.10	32.00	0.10	1.40	61.00	0.20	1.80	69.00	0.30	2.40	62.18	0.33	1.98
Ave. Other Fam. Mem. Net Farm Income	60.00	0.30	3.00	248.00	1.00	6.00	387.00	1.60	7.80	644.00	2.40	8.00	614.00	2.30	9.30	316.39	1.23	5.68
Ave. Other Fam. Mem. Off-farm Empl. Income	2613.00	10.40	33.10	2636.00	11.30	32.30	2705.00	11.30	37.40	2983.00	10.80	36.50	2887.00	10.30	30.90	2741.31	10.63	34.95
Ave. Other Fam. Mem. Gov't Income	231.00	0.90	8.90	176.00	1.20	9.70	290.00	1.30	9.50	167.00	0.60	6.60	124.00	0.40	5.80	215.79	0.84	8.10
Ave. Other Fam. Mem. Investment Income	157.00	0.60	10.40	249.00	1.10	14.30	336.00	0.90	15.30	380.00	1.40	14.60	266.00	0.90	14.30	250.73	0.97	12.79
Ave. Other Fam. Mem. Retirement Income	25.00	0.10	1.50	38.00	0.10	1.60	31.00	0.10	1.40	13.00		1.30	11.00		1.30	21.60	0.08	1.30
		100.00			100.00			100.00			100.00			100.00				
Ave. Total Fam. Net Farm Income	1363.00	6.30		3081.00	21.60		6175.00	33.90		13969.00	50.00		13090.00	47.60		4918.60	26.84	
Ave. Total Fam. Off-farm Empl. Income	16360.00	73.10		13293.00	56.60		11436.00	47.40		9577.00	34.30		10417.00	38.00		14055.83	54.53	
Ave. Total Fam. Gov't Income	1680.00	6.70		1313.00	5.60		1307.00	5.00		1040.00	3.80		923.00	3.30		1358.49	5.27	
Ave. Total Fam. Investment Income	3021.00	11.10		3436.00	14.70		3047.00	12.60		3000.00	11.00		2854.00	10.40		3087.34	11.98	
Ave. Total Fam. Retirement Income	481.00	1.90		349.00	1.50		366.00	1.10		251.00	0.80		168.00	0.70		358.47	1.39	
		100.00			100.00			100.00			100.00			100.00				
Ave. Operator Total Income	16671.00	67.10		13361.00	61.00		16273.00	67.40		16330.00	61.60		17940.00	65.30		17001.83	66.30	
Ave. Spouse Total Income	5173.00	20.60		4703.00	20.40		4237.00	17.50		5392.00	19.40		5700.00	20.80		5161.04	19.94	
Ave. Other Fam. Mem. Total Income	3068.00	12.30		3447.00	16.60		3640.00	15.10		4193.00	15.00		3433.00	13.90		3343.72	13.75	
		100.00			100.00			100.00			100.00			100.00				
Ave. Total Fam. Income from all Sources	25131.00			23493.00			24151.00			27917.00			27473.00			25778.61		

Source: Statistics Canada Special Tabulation of 1981 Census of Canada data

* Employment income includes salaries, wages and business income

TABLE V - 2

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Southern Ontario

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	7,765		3,105		2,060		6,885		2,250		22,065	
Ave. Gross Sales	9,240		26,770		41,610		88,986		273,443		66,553	
Ave. Total Capital	216,484		325,731		427,752		643,563		1,178,183		482,909	
Ave. Operator Farm Income	2,155	8.2	5,113	19.9	7,259	28.5	12,172	41.7	11,331	38.8	7,109	26.0
Ave. Operator Off-Farm Employment Income	12,696	48.4	8,305	32.3	7,052	27.7	4,095	19.0	4,507	15.4	8,032	29.4
Ave. Operator Other Income	3,309	12.6	3,854	12.7	3,177	12.5	2,614	8.9	2,254	7.7	2,964	10.8
Ave. Other Family Members* Farm Income	300	1.2	717	2.8	1,006	4.0	3,321	11.4	4,246	14.5	1,770	6.5
Ave. Other Family Members Off-Farm Employment Income	6,126	23.3	6,230	24.2	5,443	21.4	5,532	18.9	5,433	18.6	5,821	21.3
Ave. Other Family Members Other Income	1,656	6.3	2,084	8.1	1,492	5.9	1,478	5.1	1,477	5.0	1,628	6.0
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	2,455	9.4	5,830	22.7	8,265	32.5	15,493	53.0	15,577	53.2	8,879	32.5
Ave. Total Family Off-Farm Employment Income	18,822	71.7	14,535	56.5	12,495	49.1	9,627	33.0	7,940	34.0	13,853	50.7
Ave. Total Family Other Income	4,965	18.9	5,338	20.8	4,675	18.4	4,092	14.0	3,731	12.8	4,592	16.8
Ave. Total Family Income from All Sources	26,242	100.0	25,703	100.0	25,435	100.0	29,212	100.0	29,248	100.0	27,324	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 3

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Western Ontario

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	7,400		2,690		1,810		5,670		1,800		19,370	
Ave. Gross Sales	8,823		26,739		41,862		86,584		322,929		66,303	
Ave. Total Capital	213,043		259,698		327,326		583,854		870,132		393,952	
Ave. Operator Farm Income	802	3.3	2,935	15.4	5,416	26.5	9,298	32.9	8,311	37.8	4,714	20.5
Ave. Operator Off-Farm Employment Income	11,446	47.5	6,774	35.5	5,282	25.9	4,054	16.5	3,982	18.1	7,364	32.0
Ave. Operator Other Income	3,648	15.1	2,429	12.8	2,694	13.2	3,035	12.4	2,177	9.9	3,073	13.4
Ave. Other Family Members* Farm Income	79	0.3	481	2.5	688	3.4	1,585	6.5	1,412	6.4	756	3.3
Ave. Other Family Members Off-Farm Employment Income	6,278	26.1	4,848	25.4	5,094	25.0	4,776	19.5	4,840	22.0	5,395	23.5
Ave. Other Family Members Other Income	1,846	7.7	1,603	8.4	1,234	6.0	1,765	7.2	1,266	5.8	1,677	7.3
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	881	3.7	3,416	18.0	6,104	29.9	10,883	44.4	9,723	44.2	5,470	23.8
Ave. Total Family Off-Farm Employment Income	17,724	73.5	11,622	60.9	10,376	50.8	8,830	36.0	8,822	40.1	12,759	55.5
Ave. Total Family Other Income	5,494	22.8	4,032	21.1	3,928	19.3	4,800	19.6	3,443	15.7	4,750	20.7
Ave. Total Family Income from All Sources	24,099	100.0	19,070	100.0	20,408	100.0	24,513	100.0	21,988	100.0	22,979	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 4

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Central Ontario

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	5,000		1,065		590		1,630		465		8,750	
Ave. Gross Sales	7,879		26,936		41,735		85,955		410,135		48,403	
Ave. Total Capital	205,730		388,469		442,230		523,418		1,497,619		384,794	
Ave. Operator Farm Income	1,236	9.7	3,838	13.6	7,170	22.2	9,699	37.6	9,363	30.7	3,961	14.6
Ave. Operator Off-Farm Employment Income	12,149	46.1	8,510	30.2	10,445	32.2	3,098	12.0	2,117	26.6	9,691	35.8
Ave. Operator Other Income	4,046	15.3	6,744	23.9	4,792	14.8	3,677	14.2	4,017	13.2	4,354	16.1
Ave. Other Family Members* Farm Income	104	0.5	697	2.5	1,142	3.5	1,937	7.5	1,344	4.4	654	2.4
Ave. Other Family Members Off-Farm Employment Income	6,595	25.0	7,017	24.9	7,061	21.5	5,725	22.7	4,845	15.9	6,423	23.7
Ave. Other Family Members Other Income	2,231	8.5	1,369	4.9	1,798	5.5	1,664	6.5	2,819	9.2	2,023	7.5
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,340	5.1	4,535	16.1	8,312	25.6	11,636	45.1	10,707	35.1	4,615	17.0
Ave. Total Family Off-Farm Employment Income	18,744	71.1	15,527	55.1	17,506	54.0	8,823	34.2	12,962	42.5	16,114	59.4
Ave. Total Family Other Income	6,277	23.8	8,113	28.8	6,590	20.4	5,341	20.7	6,836	22.4	6,377	23.5
Ave. Total Family Income from All Sources	26,361	100.0	28,177	100.0	32,408	100.0	25,800	100.0	30,505	100.0	27,106	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 5

Table 44 Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Eastern Ontario

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	4,635		965		820		2,240		335		8,995	
Ave. Gross Sales	7,316		26,546		41,745		82,995		310,393		42.651	
Ave. Total Capital	171,851		237,061		331,576		467,093		976,307		296,891	
Ave. Operator Farm Income	1,439	5.8	6,893	28.3	9,603	25.4	14,908	43.3	15,121	35.6	6,632	23.9
Ave. Operator Off-Farm Employment Income	12,145	48.6	5,953	24.4	3,364	14.2	5,610	16.3	12,911	30.4	9,081	32.7
Ave. Operator Other Income	2,944	11.8	2,979	12.2	2,512	10.9	2,127	6.2	3,894	9.2	2,746	9.9
Ave. Other Family Members* Farm Income	155	0.6	1,072	4.4	2,053	8.7	4,183	12.1	2,891	6.8	1,531	5.5
Ave. Other Family Members Off-Farm Employment Income	6,700	26.8	5,849	24.0	4,500	19.1	6,372	18.5	6,604	15.6	6,323	22.7
Ave. Other Family Members Other Income	1,590	6.4	1,649	6.7	1,517	6.4	1,238	3.6	1,000	2.4	1,480	5.3
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,594	6.4	7,965	32.6	11,656	49.4	19,091	55.4	18,012	42.5	8,163	29.3
Ave. Total Family Off-Farm Employment Income	18,845	75.5	11,802	48.4	7,864	33.3	11,982	34.8	19,515	46.0	15,404	55.4
Ave. Total Family Other Income	4,534	18.1	4,628	19.0	4,089	17.3	3,365	9.8	4,894	11.5	4,226	15.2
Ave. Total Family Income from All Sources	24,973	100.0	24,395	100.0	23,609	100.0	34,438	100.0	42,421	100.0	27,793	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 6

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Northern Ontario

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	1,515		230		150		385		80		2,360	
Ave. Gross Sales	7,353		25,070		40,522		89,018		225,386		31,901	
Ave. Total Capital	155,100		254,780		298,289		956,249		822,815		245,678	
Ave. Operator Farm Income	942	4.5	4,542	22.8	10,972	49.7	10,310	44.6	9,402	45.5	3,746	17.6
Ave. Operator Off-Farm Employment Income	11,036	52.8	5,963	29.9	1,076	7.7	5,537	23.9	1,708	8.3	8,735	41.1
Ave. Operator Other Income	2,260	10.8	2,129	10.7	1,566	7.1	1,172	5.1	1,513	7.3	2,000	9.4
Ave. Other Family Members* Farm Income	30	0.1	320	1.6	1,396	6.3	1,939	8.4	2,718	13.1	548	2.6
Ave. Other Family Members Off-Farm Employment Income	5,453	26.1	5,956	29.9	4,244	19.2	3,396	14.7	5,155	25.0	5,080	23.9
Ave. Other Family Members Other Income	1,193	5.7	1,023	5.1	2,189	10.0	770	3.3	158	0.8	1,136	5.3
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	972	4.6	4,862	24.4	12,368	56.0	12,249	53.0	12,120	58.7	4,294	20.2
Ave. Total Family Off-Farm Employment Income	16,489	78.9	11,919	59.8	5,950	27.0	8,933	38.6	6,863	33.2	13,815	65.0
Ave. Total Family Other Income	3,453	16.5	3,152	15.8	3,755	17.0	1,942	8.4	1,671	8.1	3,136	14.8
Ave. Total Family Income from All Sources	20,914	100.0	19,933	100.0	22,073	100.0	23,124	100.0	20,654	100.0	21,245	100.0

* Other family members in this table include the spouse.

Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 7

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Dairy

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	1,685		1,325		1,570		6,625		885		12,090	
Ave. Gross Sales	9,775		27,681		42,425		86,256		237,802		74,579	
Ave. Total Capital	230,126		283,645		325,289		555,461		1,047,348		486,446	
Ave. Operator Farm Income	4,186	22.5	8,087	38.8	10,764	46.0	13,762	47.0	16,020	45.6	11,581	43.6
Ave. Operator Off-Farm Employment Income	5,829	31.3	3,287	15.8	2,618	11.2	3,405	11.6	6,226	17.7	3,834	14.4
Ave. Operator Other Income	2,119	11.0	2,084	8.9	2,062	7.0	2,062	7.0	2,523	7.2	2,131	8.0
Ave. Other Family Members* Farm Income	657	3.5	1,937	9.3	1,850	7.9	3,186	10.9	2,908	8.3	2,503	9.4
Ave. Other Family Members Off-Farm Employment Income	4,468	24.0	3,819	18.3	4,441	19.0	5,636	19.2	6,166	17.6	5,158	19.4
Ave. Other Family Members Other Income	1,353	7.3	1,417	6.8	1,268	4.3	1,268	4.3	1,279	3.6	1,347	5.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	4,483	26.0	10,024	48.1	12,614	53.9	16,948	57.8	18,928	53.9	14,084	53.0
Ave. Total Family Off-Farm Employment Income	10,297	55.3	7,106	34.1	7,059	30.1	9,041	30.8	12,392	35.3	8,992	33.8
Ave. Total Family Other Income	3,472	18.7	3,701	17.8	3,737	16.0	3,330	11.4	3,802	10.8	3,478	13.1
Ave. Total Family Income from All Sources	18,612	100.0	20,831	100.0	23,410	100.0	29,319	100.0	35,122	100.0	26,554	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 8

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Cattle

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	10,870		2,305		1,070		2,065		1,265		17,575	
Ave. Gross Sales	8,220		26,520		41,149		84,593		436,126		52,399	
Ave. Total Capital	195,096		296,770		385,194		480,854		964,590		308,966	
Ave. Operator Farm Income	1,211	5.0	2,832	12.2	4,532	20.4	5,979	22.3	3,456	18.7	2,348	9.8
Ave. Operator Off-Farm Employment Income	11,368	46.6	7,605	32.7	6,428	28.9	5,845	21.8	5,226	28.4	9,483	39.6
Ave. Operator Other Income	3,537	14.5	4,341	18.7	3,860	17.4	5,108	19.1	3,091	16.8	3,815	15.9
Ave. Other Family Members* Farm Income	71	0.3	314	1.3	381	1.7	1,458	5.4	794	4.3	337	1.4
Ave. Other Family Members Off-Farm Employment Income	6,343	26.0	6,433	27.7	5,215	23.4	5,367	20.1	4,398	23.9	6,031	25.2
Ave. Other Family Members Other Income	1,853	7.6	1,723	7.4	1,819	8.2	3,017	11.3	1,455	7.9	1,942	8.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,282	5.3	3,146	13.5	4,913	22.1	7,431	27.8	4,250	23.1	2,685	11.2
Ave. Total Family Off-Farm Employment Income	17,711	72.6	14,038	60.4	11,643	52.4	11,212	41.9	9,624	52.2	15,514	64.8
Ave. Total Family Other Income	5,390	22.1	6,064	26.1	5,679	25.5	8,125	30.3	4,546	24.7	5,757	24.0
Ave. Total Family Income from All Sources	24,383	100.0	22,248	100.0	22,235	100.0	26,768	100.0	18,420	100.0	23,956	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 9

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Hogs

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	1,400		645		445		1,605		540		4,635	
Ave. Gross Sales	9,862		26,851		42,037		89,629		263,967		72,541	
Ave. Total Capital	160,530		221,053		285,553		429,127		814,789		350,539	
Ave. Operator Farm Income	250	1.2	1,375	7.7	4,563	25.4	4,868	30.4	6,813	29.9	3,184	16.9
Ave. Operator Off-Farm Employment Income	12,554	58.1	8,017	45.0	5,037	28.1	4,034	25.2	5,368	23.6	7,413	39.2
Ave. Operator Other Income	1,919	8.9	1,752	9.8	1,472	8.2	1,785	11.1	1,639	7.2	1,774	9.4
Ave. Other Family Members* Farm Income	-7	-	30	0.2	853	4.7	275	1.7	2,411	10.6	460	2.4
Ave. Other Family Members Off-Farm Employment Income	5,680	26.5	5,546	31.1	5,291	29.5	4,222	26.4	5,296	23.2	5,074	26.9
Ave. Other Family Members Other Income	1,031	4.8	1,106	6.2	726	9.1	830	5.2	1,251	5.5	968	5.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	243	1.1	1,405	7.9	5,416	30.2	5,143	32.1	9,224	40.5	3,644	19.3
Ave. Total Family Off-Farm Employment Income	18,234	85.1	13,563	76.1	10,328	57.6	8,256	51.6	10,664	46.8	12,487	66.2
Ave. Total Family Other Income	2,950	13.8	2,858	16.0	2,198	12.2	2,615	16.3	2,890	12.7	2,742	14.5
Ave. Total Family Income from All Sources	21,427	100.0	17,826	100.0	17,942	100.0	16,014	100.0	22,778	100.0	18,873	100.0

* Other family members in this table include the spouse.

Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 10

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Poultry

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	535		90		95		305		470		1,495	
Ave. Gross Sales	7,329		25,867		42,125		96,114		332,423		130,973	
Ave. Total Capital	140,575		199,227		285,781		366,786		902,013		438,865	
Ave. Operator Farm Income	1,268	5.0	7,110	24.0	6,239	31.4	12,102	43.1	7,976	29.5	6,272	23.7
Ave. Operator Off-Farm Employment Income	13,775	53.5	14,168	47.8	6,081	30.6	6,789	24.2	7,107	26.3	9,775	36.9
Ave. Operator Other Income	2,692	10.4	3,125	10.5	1,519	7.6	2,239	8.0	1,959	7.2	2,320	8.8
Ave. Other Family Members* Farm Income	30	0.1	-920	-3.0	2,086	10.4	2,830	10.1	3,631	13.4	1,806	6.8
Ave. Other Family Members Off-Farm Employment Income	6,268	24.3	3,708	12.5	3,083	15.5	3,296	11.7	4,815	17.8	4,840	18.3
Ave. Other Family Members Other Income	1,734	6.7	2,437	8.2	902	4.5	800	2.9	1,553	5.7	1,476	5.6
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,298	5.0	6,190	20.9	8,315	41.8	14,932	53.3	11,607	42.9	8,078	30.5
Ave. Total Family Off-Farm Employment Income	20,043	77.8	17,876	60.3	9,164	46.0	10,085	35.9	11,922	44.0	14,615	55.2
Ave. Total Family Other Income	4,426	17.2	5,562	18.8	2,421	12.2	3,039	10.8	3,512	13.0	3,796	14.3
Ave. Total Family Income from All Sources	25,767	100.0	29,628	100.0	19,900	100.0	28,056	100.0	27,041	100.0	26,489	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - II

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980:
Mixed Livestock

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	860		265		245		630		195		2,195	
Ave. Gross Sales	7,664		27,043		42,151		85,317		274,547		59,850	
Ave. Total Capital	178,766		325,119		387,553		516,962		1,303,405		416,718	
Ave. Operator Farm Income	1,117	5.1	3,423	25.4	8,762	40.8	6,095	33.9	10,486	44.6	4,510	22.8
Ave. Operator Off-Farm Employment Income	11,747	54.0	3,856	28.5	3,036	14.2	3,644	20.3	871	3.7	6,530	33.0
Ave. Operator Other Income	2,100	9.6	2,125	15.7	2,038	9.5	1,981	11.0	3,124	13.2	2,153	10.9
Ave. Other Family Members* Farm Income	120	0.5	-349	-2.6	439	2.0	1,125	6.7	2,921	12.4	662	3.3
Ave. Other Family Members Off-Farm Employment Income	5,183	23.8	3,233	23.4	6,070	28.3	4,241	23.6	4,852	20.6	4,747	24.0
Ave. Other Family Members Other Income	1,474	6.8	1,214	9.0	1,103	5.1	791	4.4	1,335	5.7	1,193	6.0
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,237	5.6	3,074	22.8	9,201	42.9	7,307	40.6	13,407	56.8	5,172	26.1
Ave. Total Family Off-Farm Employment Income	16,930	77.9	7,089	52.5	9,106	42.5	7,885	43.9	5,723	24.3	11,277	57.0
Ave. Total Family Other Income	3,574	16.4	3,339	24.7	3,141	14.6	2,772	15.4	4,459	18.9	3,346	16.9
Ave. Total Family Income from All Sources	21,741	100.0	13,502	100.0	21,448	100.0	17,967	100.0	23,589	100.0	19,795	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 12

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Small Grains

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	5,380		2,190		1,280		2,780		665		12,295	
Ave. Gross Sales	9,268		26,356		41,140		83,634		257,130		45,851	
Ave. Total Capital	212,355		335,716		498,090		868,403		1,682,913		491,951	
Ave. Operator Farm Income	1,576	6.0	5,491	20.1	6,514	25.3	10,445	40.0	15,895	46.9	5,567	20.6
Ave. Operator Off-Farm Employment Income	13,353	50.0	10,400	38.2	7,840	30.3	4,451	17.0	5,323	15.7	9,806	36.4
Ave. Operator Other Income	3,508	13.1	2,907	10.7	3,758	14.5	2,581	9.9	2,519	7.4	3,164	11.7
Ave. Other Family Members* Farm Income	125	0.5	417	1.5	684	2.6	1,581	6.1	4,051	12.0	777	2.9
Ave. Other Family Members Off-Farm Employment Income	6,493	24.3	6,025	22.1	5,557	21.5	5,518	21.1	4,831	14.3	6,002	22.2
Ave. Other Family Members Other Income	1,638	6.1	2,015	7.4	1,491	5.8	1,556	5.9	1,256	3.7	1,651	6.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	1,701	6.4	5,908	21.7	7,198	27.9	12,026	46.0	19,946	58.9	6,344	23.5
Ave. Total Family Off-Farm Employment Income	19,846	74.3	16,425	60.3	13,397	51.8	9,969	38.1	10,163	30.0	15,808	58.6
Ave. Total Family Other Income	5,146	19.3	4,922	18.0	5,249	20.3	4,137	15.9	3,775	11.1	4,815	17.9
Ave. Total Family Income from All Sources	26,693	100.0	27,255	100.0	25,844	100.0	26,132	100.0	33,884	100.0	26,967	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 13

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Mixed Field Crops

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	10		5		10		45		40		110	
Ave. Gross Sales	10,420		23,000		43,192		80,559		176,639		103,107	
Ave. Total Capital	287,428		638,619		358,628		551,253		1,297,852		785,219	
Ave. Operator Farm Income	-3,003	-8.1	-17,000		8,565	20.4	17,839	50.6	14,054	47.5	12,141	38.4
Ave. Operator Off-Farm Employment Income	31,393	84.7	--		27,161	64.8	94	0.3	1,667	5.6	5,968	18.9
Ave. Operator Other Income	273	0.7	--		548	1.1	2,790	7.9	2,537	8.6	2,130	6.7
Ave. Other Family Members* Farm Income	1,616	4.4	--		3,349	8.0	2,384	6.8	7,253	24.5	4,064	12.8
Ave. Other Family Members Off-Farm Employment Income	5,087	13.7	--		1,590	3.8	9,753	27.7	2,390	8.1	5,466	17.3
Ave. Other Family Members Other Income	1,705	4.6	1,046		824	1.9	2,387	6.8	1,669	5.6	1,861	5.9
		100.0				100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	-1,387	-3.7	-17,000		11,914	28.4	20,223	57.4	21,307	72.1	16,205	51.2
Ave. Total Family Off-Farm Employment Income	36,480	98.4	--		28,751	68.5	9,847	27.9	4,057	13.7	11,434	36.1
Ave. Total Family Other Income	1,978	5.3	1,046		1,282	3.1	5,177	14.7	4,206	14.2	3,991	12.6
Ave. Total Family Income from All Sources	37,071	100.0	-15,954		41,947	100.0	35,247	100.0	29,570	100.0	31,630	100.0

* Other family members in this table include the spouse.

Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 14

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980:
Other Field Crops

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	660		130		100		1,400		465		2,755	
Ave. Gross Sales	6,122		27,182		41,906		99,384		198,717		88,314	
Ave. Total Capital	255,226		377,297		350,554		660,169		954,612		588,270	
Ave. Operator Farm Income	1,873	5.5	1,923	8.6	8,723	32.5	15,683	43.6	12,116	43.9	10,870	32.8
Ave. Operator Off-Farm Employment Income	15,154	44.6	5,439	24.4	4,777	13.3	4,777	13.3	2,124	9.7	6,826	20.6
Ave. Operator Other Income	4,950	14.5	2,670	11.9	2,706	10.1	3,293	9.2	1,727	6.3	3,375	10.2
Ave. Other Family Members* Farm Income	569	1.6	4,386	19.7	4,936	18.4	6,114	17.0	5,782	20.9	4,605	13.9
Ave. Other Family Members Off-Farm Employment Income	8,815	25.9	5,891	26.4	4,454	16.6	4,756	13.2	4,448	16.1	5,719	17.3
Ave. Other Family Members Other Income	2,633	7.7	1,945	8.7	1,841	6.8	1,313	3.6	1,415	5.3	1,695	5.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	2,442	7.2	6,308	28.3	13,659	50.9	21,797	60.6	17,897	64.8	15,475	46.8
Ave. Total Family Off-Farm Employment Income	23,969	70.5	11,330	50.9	8,602	32.1	9,533	26.5	6,572	23.8	12,545	37.9
Ave. Total Family Other Income	7,583	22.3	4,615	20.7	4,547	16.9	4,606	12.8	3,142	11.4	5,070	15.3
Ave. Total Family Income from All Sources	33,994	100.0	22,253	100.0	26,808	100.0	35,936	100.0	27,611	100.0	33,090	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 15

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Mixed Other ($)

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	540		100		60		200		65		965	
Ave. Gross Sales	7,317		26,728		42,015		92,705		234,969		44,517	
Ave. Total Capital	165,643		227,101		433,831		780,573		1,456,028		403,050	
Ave. Operator Farm Income	152	0.6	1,883	12.0	10,381	24.2	17,018	52.0	6,729	28.7	4,906	18.1
Ave. Operator Off-Farm Employment Income	13,944	54.1	3,775	24.1	16,108	37.5	2,909	8.9	3,939	16.8	10,064	37.1
Ave. Operator Other Income	3,538	13.7	2,206	14.1	1,294	3.0	2,160	6.6	1,427	6.1	2,833	10.5
Ave. Other Family Members* Farm Income	185	0.7	24	0.2	541	1.2	4,742	14.5	2,333	10.0	1,280	4.7
Ave. Other Family Members Off-Farm Employment Income	6,433	25.0	6,355	40.5	12,936	30.1	4,604	14.1	7,552	32.3	6,526	24.1
Ave. Other Family Members Other Income	1,550	6.0	1,440	9.2	1,699	3.9	1,283	3.9	1,435	6.1	1,485	5.5
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	337	1.3	1,907	12.2	10,922	25.4	21,660	66.5	9,062	38.7	6,186	22.8
Ave. Total Family Off-Farm Employment Income	20,337	78.9	10,130	64.6	29,044	67.6	7,513	23.0	11,491	49.1	16,590	61.2
Ave. Total Family Other Income	5,088	19.8	3,646	23.2	2,993	7.0	3,443	10.5	2,862	12.2	4,318	15.9
Ave. Total Family Income from All Sources	25,762	100.0	15,683	100.0	42,959	100.0	32,716	100.0	23,415	100.0	27,094	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

TABLE V - 16

Income of Farm Families by Source, Family Members and Gross Farm Sales, Ontario, 1980: Miscellaneous Specialty

	$2,500-19,999		$20,000-34,999		$35,000-49,999		$50,000-149,999		$150,000 & over		Total $2,500 and over	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Families	1,935		300		180		470		155		3,040	
Ave. Gross Sales	7,092		25,589		41,371		84,855		380,090		41,988	
Ave. Total Capital	176,414		276,379		307,240		329,469		615,981		240,100	
Ave. Operator Farm Income	229	0.8	4,371	12.8	2,499	6.4	18,338	43.4	19,476	45.6	4,553	14.2
Ave. Operator Off-Farm Employment Income	14,025	50.6	7,951	23.3	20,705	53.3	5,713	13.5	5,275	12.3	12,090	37.8
Ave. Operator Other Income	3,689	13.3	6,846	20.1	7,243	18.6	5,243	12.4	1,650	3.8	4,347	13.6
Ave. Other Family Members* Farm Income	53	0.2	868	2.5	-693	-1.7	4,759	11.3	2,064	9.8	919	2.9
Ave. Other Family Members Off-Farm Employment Income	7,695	27.8	11,749	34.4	7,730	19.9	6,560	15.5	11,951	27.9	8,139	25.4
Ave. Other Family Members Other Income	2,023	7.3	2,327	6.8	1,346	3.5	1,583	3.8	2,289	5.3	1,958	6.1
		100.0		100.0		100.0		100.0		100.0		100.0
Ave. Total Family Farm Income	282	1.0	5,239	15.3	1,806	4.7	23,097	54.7	21,540	50.4	5,472	17.1
Ave. Total Family Off-Farm Employment Income	21,720	78.3	19,700	57.7	28,435	73.2	12,273	29.1	17,226	40.3	20,229	63.2
Ave. Total Family Other Income	5,712	20.6	9,173	26.9	8,589	22.1	6,826	16.1	3,939	9.2	6,305	19.7
Ave. Total Family Income from All Sources	27,714	100.0	34,112	100.0	38,830	100.0	42,196	100.0	42,705	100.0	32,006	100.0

* Other family members in this table include the spouse.
Source: Statistics Canada special tabulation of 1981 Census data.

APPENDIX VI

AGRIMORTGAGE PROPOSAL

SUBJECT MATTER:

The Agrimortgage proposal deals with the issue of long-term financing of agriculture, specifically it is a mechanism to facilitate transfer of farms from retiring farmers to beginning and practicing farmers.

INTRODUCTION:

Government farm credit assistance programs have ignored one of the major sources of capital availability to new farmers and farmers seeking to expand their operations, namely the accumulated wealth of retiring farmers. In so doing they have not only tended to discourage private financing as a viable alternative, but also forced the farming community to rely increasingly on the FCC and commercial lending institutions.

Institutional interest rates (FCC and Chartered banks) are almost always higher than rates obtainable on private mortgage loans. Thus farmers would save money if they could obtain more of their long-term credit from private sources.

Government credit subsidy programs are biased in favour of institutional loans. Private credit generally does not qualify for interest subsidy programs.

The Agrimortgage proposal is a scheme to correct the present bias in farm credit policy, diversify the sources of capital to farmers and help to reduce the interest cost of long-term credit.

The Agrimortgage is not meant to replace any existing or proposed (such as agribonds) farm finance scheme, but to offer farmers an alternative.

OBJECTIVES:

(A) To assist farmers in acquiring established farm operations by (i) providing sources of captial, (ii) at affordable interest rates, and (iii) guaranteeing these interest rates for a reasonable period of time, such as 5 years or 10 years.

(B) To provide a market for retiring farmers and to ensure that the farmer after retirement will have financial security and earn a reasonable return on his capital.

(C) To keep farm land in productive agriculture.

(D) To recycle agricultural capital within the industry and thereby cut out the middleman's spread.

(E) To diversify the sources of capital to farmers and thereby reduce the present level of dependence on the FCC and the chartered banks.

(F) To make credit assistance available to farmers according to established needs criteria, regardless of the source of capital.

SOLUTION:

The solution is proposed in two parts.

(A) The central feature of the Agrimortgage would be a government guarantee of a private mortgage where a vendor of a farm takes back a mortgage.

(B) Tax breaks/interest subsidies to make interest cost affordable to the farm purchaser if necessary, to be targetted according to established criteria. Thus not all guaranteed Agrimortgages would automatically qualify for interest assistance.

(A) Mortgage Guarantee

When a farmer retires from active farming, he may sell his farm to another active farmer (beginning or otherwise) under a vendor-take-back mortgage arrangement. The government would guarantee the retiring farmer the mortgage principal up to the lesser of (a) the principal outstanding and (b) seventy-five per cent of the appraised value of the farm at the time of sale.

To be eligible for the principal guarantee,

(i) The property must be a farm

(ii) The purchaser must make a reasonable demonstration of intention to use the property for farming purposes

(iii) The property must be appraised for value by an independent and qualified appraiser

(iv) The mortgage must be either a first or a second, but not a third

(v) Where the mortgage is a second, the guarantee will be limited to the difference between 75 per cent of appraised value and the principal outstanding on the first mortgage

(vi) The mortgage must be for a term of not less than 5 years

(vii) The interest rate may be freely negotiated between the parties

(viii) The guarantee will be renewed when the mortgage is renewed providing all preceding conditions are met

It is expected that losses under the guarantee plan would be quite small (1% by FCC estimates). Thus the question arises as to which level of government should guarantee the Agrimortgage loans. Three options are available:

(1) Provincial Government

(2) Federal Government

(3) Provincial and Federal Governments in partnership

(B) Interest Assistance

Farmers who acquire farm properties under the Agrimortgage scheme may be eligible for interest assistance from the government. The object of financial assistance is to reduce the rate of interest payable to an affordable level. A secondary object is to make loan rates comparable to subsidized interest rates available under BFAP or the proposed agribond scheme. Qualifications for assistance will be identical with other assistance programs such as BFAP or agribonds (if they are implemented) and the level of assistance would be similar.

Agrimortgage Credit will be a refundable credit, similar to the child tax credit, but will be taxable. The credit will be available to qualified farmers who acquire farms under the Agrimortgage program. The level of interest assistance would equal one-third of the Agrimortgage interest paid, for a maximum of $17,500 per year for 5 years.

A second option would be to extend BFAP assistance to private mortgage loans, especially Agrimortgage loans.

Agribonds (along the lines proposed by OFA or the Ontario government) will have an important role to play. Eligible farmers who have loans with the FCC can apply for agribond interest reduction.

It should be noted that the three interest reduction programs described above namely, agrimortgage credit, BFAP extension and agribonds do not overlap. Together, they contribute to rationalization and equalization of credit assistance opportunity.

APPENDIX

ELIGIBILITY FOR VARIOUS PROGRAMS

	Beginning Farmers	Farmers in Financial Difficulty	Established Farmers	Confirmed Part-time Farmers
FCC Regular Loans	YES	NO	NO	NO
FCC Emergency Loans	NO	YES	NO	NO
Bank Loans	YES	?	NO	NO
BFAP	YES	NO	NO	NO
Agribonds (OFA and OMAF Proposals)	YES	YES	NO	NO
Agrimortgage Guarantee	YES	NO	YES	YES
Agrimortgage Credit	YES	NO	NO	NO

ESTIMATED INTEREST RATES

These are approximate interest rates based on the assumption that GIC's would pay 12% and that the FCC could also obtain funds at 12%. It is further assumed that FCC regular loans are at 1 1/2% above cost and OFA agribonds are at 2% above cost of funds.

		Cost to Government	
	Interest Rate	Federal	Ontario
FCC Regular loans	13 1/2%	0	0
BFAP	8 1/2%	0	5%
Agribond (OFA Proposal)	10%	2 2/3%	1 1/3%
Agrimortgage Guarantee	12 - 13 1/2%	Cost of mortgage guarantee	
Agrimortgage Credit	8 - 9%	2 2/3 - 3%	1 1/3 - 1 1/2%

IMPACT OF VARIOUS PROGRAMS

	Farm Transferability	Income of Retiring Farmers	Level of Private Credit	Mortgage Terms	Interest Rate
FCC loans	+	0	--	5 - 20 yrs.	Government of Canada bond yield + 1 1/2%.
BFAP	+	0	--	5 yrs.	FCC five year rate - 5% (Minimum 8%).
Agribonds (OFA & OMAF)	+	0	--	5 yrs. +	2/3rds of rate paid on GIC's + 2%.
Agrimortgage Guarantee	+	+	+	5 yrs. +	Negotiable. Upper limits may be set to ensure significant benefit to borrower.
Agrimortage Credit	+	+	+	5 yrs.	2/3rds of negotiated rate.

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